

China's Oil Appetite Fuels Weapons Sales

By Michael Richardson

SINGAPORE—China's growing demand for energy to fuel rapid economic growth is likely to result in increased tension with the West as Beijing seeks oil supplies from the Middle East by providing nuclear technology and weapons to the region in defiance of international arms control arrangements.

Relations between Beijing and the West also are likely to be strained as the large-scale burning of coal in China negates costly efforts by the United States and the European Community to curb global warming.

Clinton Sees Staff Changes As a Cure for Policy Woes

By Ann Devroy and Ruth Marcus

WASHINGTON—President Bill Clinton, acknowledging that his White House has lost some of its focus and needs "tighter coordination," said Tuesday that he was working on a staff reorganization that would probably include a new deputy chief of staff.

considering adding such a deputy because "every other chief of staff" had always had "basically" three major aides.



Muslims at the window of a refugee center Tuesday in Travnik, a Muslim- and Croat-controlled town in central Bosnia-Herzegovina.

U.S. Troops to Lead NATO Balkan Action

By John Lancaster and Ann Devroy

WASHINGTON—NATO has drafted a peacekeeping plan for Bosnia-Herzegovina that would begin with U.S. Marines landing at Adriatic ports and U.S. Army paratroopers taking control of Sarajevo's airport, followed quickly by deployment of roughly 12,000 combat troops from the 1st Armored Division based in Germany, according to U.S. military sources.

size and makeup of a peacekeeping mission, according to a senior administration official.

NATO planners estimate that nearly 60,000 multinational troops would be required to enforce a peace agreement among rival Croatian, Muslim and Serbian factions, with roughly one-third of those coming from U.S. forces based mostly in Europe.

Bosnia Pleads For UN Help After Reports Of New Attack

Appeal Comes on Eve Of Key Serbian Debate On UN Peace Proposal

By Paul Lewis

ZAGREB, Croatia—Serbian forces appeared Tuesday to be stepping up their pressure against the Muslim enclaves of eastern Bosnia on the eve of a parliamentary vote to determine whether peace comes to Bosnia-Herzegovina.

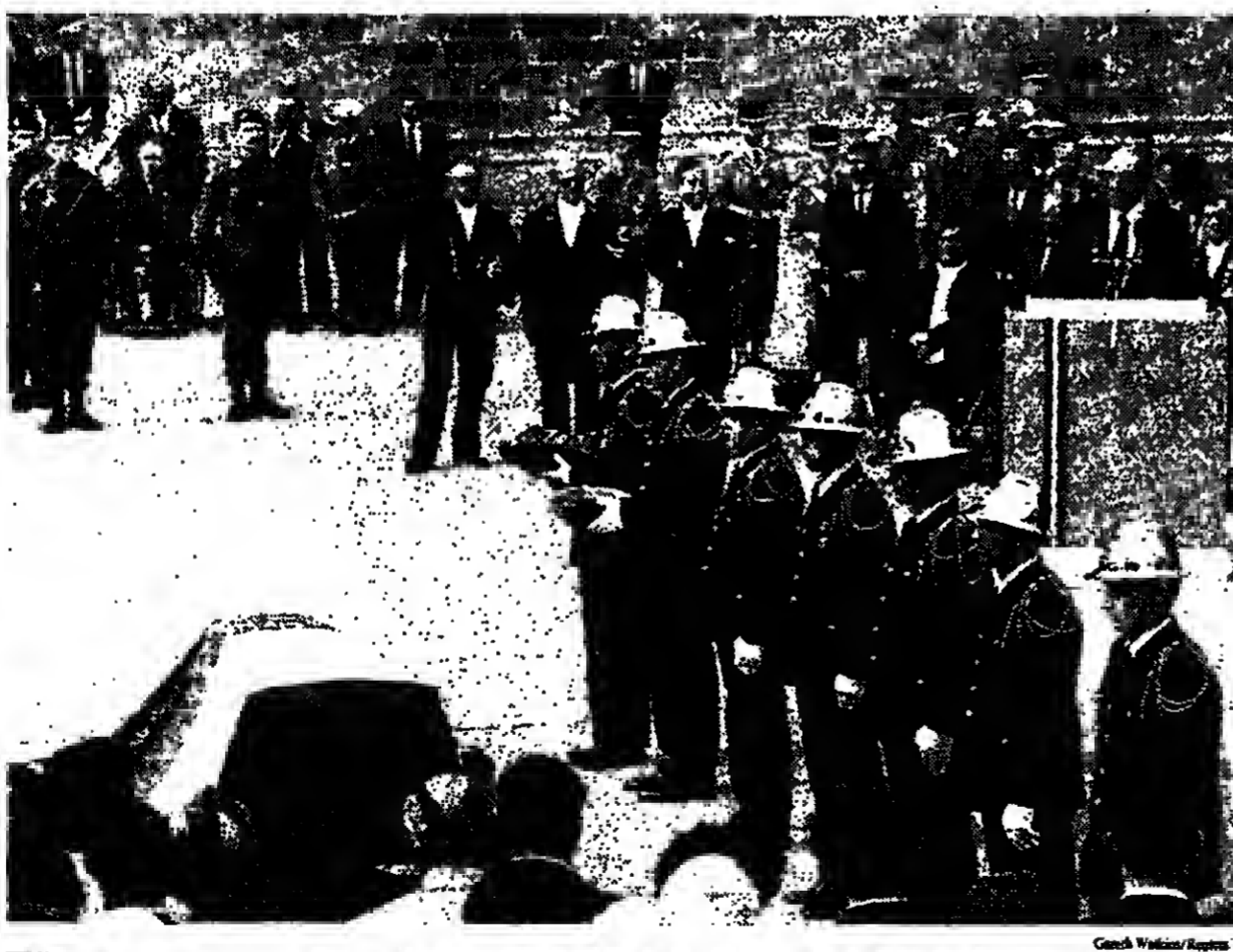
France and U.S. agree on UN force for Bosnia if Serbs there accept the peace plan. Page 2.

sheltering 40,000 people, mainly Muslim refugees, should be declared a UN protected area and that peacekeeping soldiers should be sent there to defend civilians.

Kiosk

Israeli Troops Kill 3 in Gaza

GAZA, Israeli-occupied Gaza Strip (Reuters)—Israeli troops shot and killed three Palestinians and wounded at least 44 others during clashes Tuesday in the Gaza Strip, residents and United Nations clinic sources said.



TRIBUTE TO AN ALLY—François Mitterrand, right, speaking at the funeral of Pierre Bérégovoy in Nevers, France. Page 2.

Business/Finance

Prague's young stock market is barely moving. Page 15.

Japan's small businesses want inheritance-tax cuts. Page 16.

Table with market data including Dow Jones, Trib Index, and exchange rates for Dollar, DM, Pound, Yen, and FF.

Strict Bundesbank Criticized

BONN—Germany's economic institutes criticized the Bundesbank on Tuesday for moving too late and too slowly to cut interest rates and prevent recession in Western Germany.

The institutes also said that widening budget deficits and high wage rises were major barriers to achieving even a modest recovery in 1994.

Presenting their half-yearly economic forecasts, economists from the country's six leading institutes said Bundesbank policy appeared confused and was one of the causes for Western Germany's rapid descent into recession.

Heiner Flassbeck, the DIW institute chief economist, said there was "still confusion at the Bundesbank over money policy."

Ambush on UN in Cambodia

By William Branigan

PHNOM PENH—Suspected Khmer Rouge guerrillas ambushed a convoy of UN peacekeepers in northwestern Cambodia on Tuesday, killing an unarmed Japanese politician and wounding eight other people.

While UN spokesmen did not publicly blame the Khmer Rouge for Tuesday's attack, they seemed little doubt that the radical Communist group was responsible.

The attack, a day after as many as 300 Khmer Rouge guerrillas raided the provincial capital of Siem Reap, appeared likely to force the United Nations to further scale down an election scheduled for May 23-27 and could cause Japan to reduce its participation in the 22,000-member peacekeeping mission, UN sources said.

The ambush occurred at midday near the settlement of Ampil in a guerrilla "liberated zone" in Banteay Meanchey Province. Although the zone is nominally the fiefdom of two non-Communist guerrilla groups, it has been heavily infiltrated by the Khmer Rouge and has fallen under its military control, UN and relief agency officials said.

The latest attack raised the casualty toll among UN peacekeepers to 20 in the last four days. Security in the country has deteriorated markedly in recent weeks, largely because of an increasingly violent Khmer Rouge campaign against holding the elections, but also because of banditry by soldiers of the Phnom Penh government and other armed men, UN officials said.

The attack was similar to one Monday in which five Indian peacekeeping troops were wounded when their convoy of white-painted vehicles came under rocket-propelled grenade and rifle fire in Kompong Cham Province. UN officials have identified the gunman as Khmer Rouge guerrillas.

The main target appeared to be a government garrison, but the guerrillas also attacked a number of UNTAC installations, including a Polish logistic site.

In Monday's pre-dawn assault on Siem Reap, Khmer Rouge guerrillas burned at least 15 houses and looted several, including five occupied by members of the UN Transitional Authority in Cambodia, its peacekeeping mission known as UNTAC, officials said.

From Cult's Children: Tales of Violence and Fear

By Sara Rimer and Sam Howe Verhovek

HOUSTON—For sins as small as spilling milk, the children said, they were struck with a wooden paddle known as "the helper." To train for the final battle, they were instructed to fight each other, and if they did not fight hard enough, they were paddled for that, too.

The team was headed by Dr. Bruce D. Perry, the chief of psychiatry at Texas Children's Hospital and vice chairman for research at the department of psychiatry at the Baylor College of Medicine here. The therapists spent two months working with the children, who left the cult's compound near Waco in the first five days after the Feb. 28 shoot-out that killed four federal agents and at least six cult members. Two children, aged 7 months and 3 years, were too young to be interviewed.

Now, a report by Dr. Perry, an expert on traumatized children, and interviews with several counselors who worked with the children provide the first details from the children themselves about their lives in the compound until they left in early March.

The report, which Dr. Perry said he wrote for the families of the children and any therapists who work with them in the future, characterizes the world described by the children as "a misguided paramilitary community," in which sex, violence, fear, love and religion were all intertwined. The report was made available by Dr. Perry.

The report depicts an insular religious community of many contradictions. Although men and women were strict.

JAVICO 1500

# Mitterrand Leads Rites for Bérégovoy As French Reflect

By Joseph Fichett  
*International Herald Tribune*

PARIS — Amid nationwide soul-searching, France gave a solemn funeral Tuesday to Pierre Bérégovoy, 67, the Socialist stalwart who presided over France's economy for most of the last decade and then last week died by his own hand.

Although no suicide note has been found, Mr. Bérégovoy had told friends that he was embittered by accusations against him of corruption and by suggestions that he had played a part in the betrayal of Socialist ideals.

In the cathedral of Nevers, the provincial French city where Mr. Bérégovoy was mayor, President François Mitterrand led thousands of mourners from France's political elite, including leaders of the conservative government, as well as representatives of other European governments and hundreds of other French people.

Starting as a railroad worker and union organizer, Mr. Bérégovoy had finished his political career as prime minister. He was perhaps best known internationally as the architect of economic policies committed to low inflation and a strong French franc as the key to the country's competitiveness in Europe.

His suicide, only a few weeks after his government was crushingly defeated at the polls, provided a tragic personal climax to the swift and devastating collapse of the French Socialist Party in recent months, a decline marked by a series of corruption scandals reaching its highest level, finally including Mr. Bérégovoy himself.

The shock of his death, with no note of explanation from Mr. Bérégovoy on his motives for taking his life, opened a floodgate of speculation in France, including complaints that the media had started hounding politicians unfairly.

In a funeral tribute, Mr. Mitterrand said, "There can be no excuse for throwing a man's reputation to the dogs," an apparent allusion to disclosures that Mr. Bérégovoy had received an interest-free loan from a businessman involved in other scandals affecting the Socialist Party.

French commentators, rejecting

assertions that Mr. Bérégovoy had been subjected to anything worse than normal questions and gibes of public life, said that his suicide seemed to symbolize the desperate condition — perhaps even the end — of the modern Socialist Party founded by Mitterrand in 1971.

Recently, French Socialists, who have run the country most of the time since 1981, have found it increasingly hard to reconcile their vision of themselves as a party of generous ideals with the realities of power.

When Mr. Bérégovoy was named prime minister a year ago, the government's popularity already appeared irretrievably low. But his tough monetary policies were blamed by many Socialists for worsening unemployment and alienating voters.

Now, some Socialists have accused their conservative opponents of attacking Mr. Bérégovoy too harshly while seeking to build on his economic legacy.

In deference to the national mood, Prime Minister Edouard Balladur postponed publication of a study assessing the condition in which the Socialist government left France's economy. A routine political device by a new government, the audit can be expected to criticize Mr. Bérégovoy's management.

But in fact, the attacks that most wounded Mr. Bérégovoy appear to have come from the ranks of his own Socialist Party. Party activists had accused him of thinking too much like a banker and not enough like a Socialist.

The son of Ukrainian immigrants, Mr. Bérégovoy was an early and staunch ally of Mr. Mitterrand, who put him in charge of the presidential office in 1981, then named him to a succession of cabinet jobs.

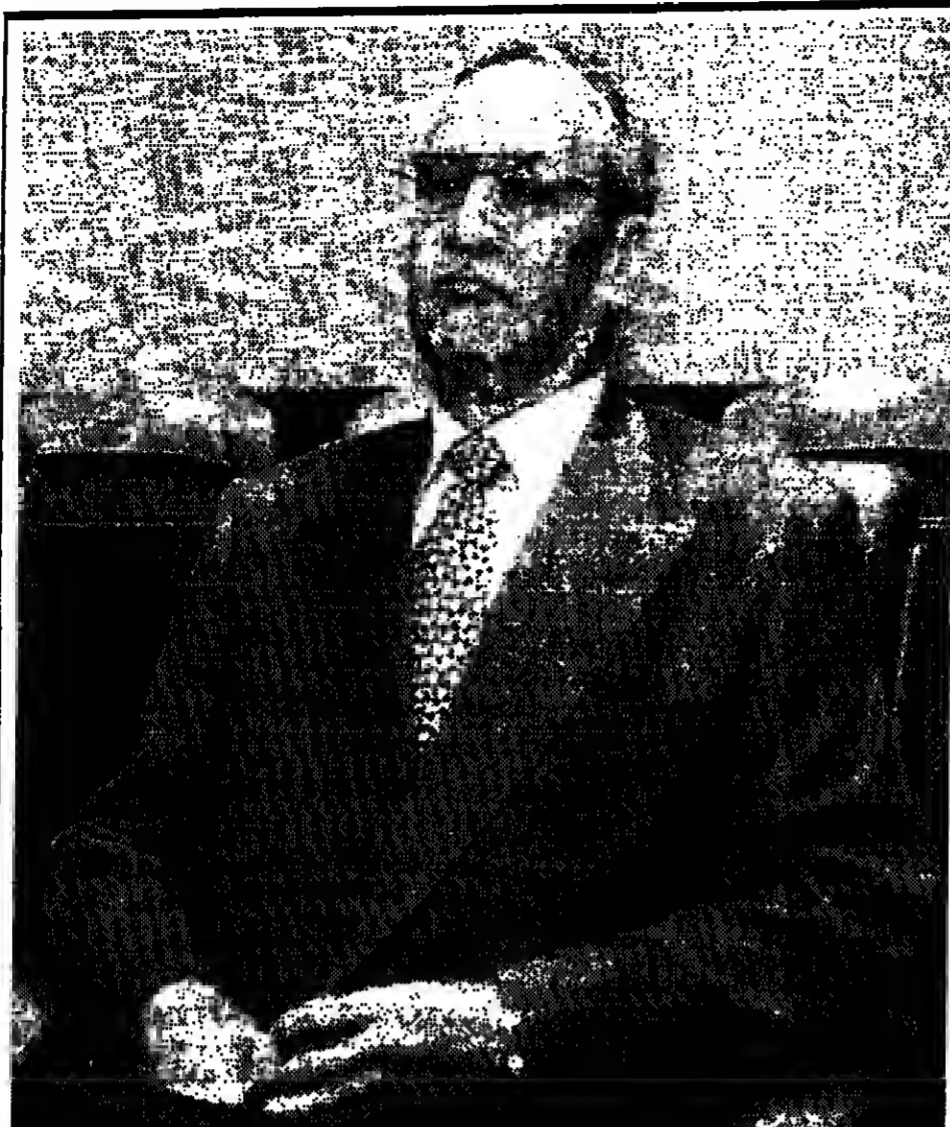
While his working-class credentials were an asset for the Socialists, Mr. Bérégovoy never fit comfortably with most other Socialist leaders, who mostly come from France's elite schools, often from families of wealth and prominence.

To one of Mr. Mitterrand's closest collaborators, Mr. Bérégovoy appeared as a bumptious, crudely ambitious politician, who was no intellectual match for France's elite of conservative civil servants in the treasury and elsewhere.

That portrayal, in new book titled "Verbatim," by Jacques Attali, now head of the European Bank for Reconstruction and Development, was probably never read by Mr. Bérégovoy. But it reflects what another former aide to Mr. Mitterrand called "the fact that he never had any real friends in the new world of power he gradually entered."

Mr. Bérégovoy's political isolation had become certain to worsen this month as investigations continued into the circumstances of his loan, which was provided by a man who was at the center of a major case of insider trading.

That case involved information from a man who had been Mr. Bérégovoy's top aide at the Finance Ministry and who had previously worked directly for Mr. Mitterrand. New hearings in both cases are scheduled for this month, causing some politicians to speculate privately that Mr. Bérégovoy might have faced embarrassing disclosures about those with whom he had worked closely.



Markus Wolf awaiting the start of his trial for espionage and treason in Düsseldorf on Tuesday.

# Wolf Proudly Admits Spying But He Calls Charges 'Legally Untenable'

By Craig R. Whitney  
*New York Times Service*

DÜSSELDORF — Markus Wolf, the former chief of Communist East Germany's spy service, began his trial on charges of treason and espionage Tuesday by proudly acknowledging his role and his direct involvement with agents who infiltrated and penetrated much of West German government and society during the 33 years of his leadership.

"As far as I am concerned, the court could hand down its verdict today," he told a five-judge panel in the high court here, in the same cramped basement courtroom where his most successful agent, Günter Guillaume, was sentenced in 1975 for spying for years in the West German chancellery's office.

But he said he would not testify again in a trial that is expected to take months. Until German unification in 1990, Mr. Wolf insisted, he had been a citizen of the German Democratic Republic, serving his country loyally, just like his counterparts in the West German Federal Republic.

"What country am I supposed to have betrayed?" asked Mr. Wolf, tall and poised at 70.

"My activities are not in dispute," he said, but they did not constitute treason against a country that had been East Germany's adversary until absorbing it in 1990. The court, he said, could spare itself the trouble of calling Mr. Guillaume and the scores of other witnesses it has summoned. Here, too, Mr. Wolf acknowledged that he charged, he had personally run agents who had risked everything to work for his service.

The prosecution alleged that by recruiting and suborning agents to work against the Federal Republic, Mr. Wolf had committed treason and bribery under its laws at the time, so he could be tried on those charges now.

"To justify a charge of treason on those grounds is so absurd, legally untenable and literally incomprehensible that it goes against common sense," he argued. One of his former counterparts as leader of the West German Federal Intelligence Service, Klaus Kinkel, was now foreign minister of the united Germany, Mr. Wolf said, while he himself was facing trial.

"This, he said, was inequality before the law.

"The intelligence services of both sides stood opposite each other during the Cold War," he said. "Whether their methods were essentially different

is something that has to be extensively examined and thoroughly explored in the course of my defense. I have nothing to fear from the comparison. The methods of intelligence services do not fit the moral standards of polite society anywhere in the world, and certainly not in the confrontation of the Cold War."

Mr. Wolf, who had the rank of general in the East German Ministry for State Security and retired in 1986, fled Berlin just before unification in 1990 and spent most of a year in Moscow. He returned in 1991 and turned himself into the authorities, he said, "because I want to live in this country, which is my home."

He had spent his childhood in Moscow as the son of a German Jewish playwright and physician, Friedrich Wolf, who was on the Nazis' wanted list. He returned to Soviet-occupied Berlin in 1945, at 22, and after East Germany was established in 1949, helped build its intelligence service from scratch, becoming its leader at 30.

The federal prosecutor, Joachim Lampe, read only a brief outline of the charges in the 300-page indictment, issued in September.

It charges that by running 500 to 600 agents in West Germany and using money and other means of suborning officials, Mr. Wolf's service obtained top-secret security documents and other information that, in the hands of the Warsaw Pact, put the national security of the federal republic in peril. Because the court in Düsseldorf has jurisdiction over crimes committed at the seat of government in Bonn, he was charged here instead of in Berlin.

A Berlin superior court ruled in 1991 that a similar case against his successor amounted to an unconstitutional, ex-post-facto application of the law. Federal prosecutors have appealed to the Federal Constitutional Court in Karlsruhe, and Mr. Wolf's lawyers argued unsuccessfully that his trial should await the outcome there.

The chief judge, Dr. Klaus Wagner, said that it was "highly unlikely" that the constitutional panel would uphold the lower court's ruling.

Three cases of alleged treason in the indictment against Mr. Wolf concern his connection with Mr. Guillaume and other spies who have been already convicted. Nine cases of espionage involve former West German officials or politicians, one now dead, allegedly recruited or coerced into Mr. Wolf's services.

# Americans And French Back Force For Bosnia

Compiled by Our Staff From Dispatches

PARIS — The United States and France agreed Tuesday to put a huge United Nations peacekeeping force into Bosnia quickly if Bosnian Serbs approve a peace plan, but put off a decision about what to do if they rejected it.

Secretary of State Warren M. Christopher said after five hours of talks here that urgent consultations would be held on military measures only if the agreement signed by the Bosnian Serb leader on Sunday fell apart.

Mr. Christopher has encountered resistance in London and now Paris to President Bill Clinton's tentative decision to use a combination of air attacks on Serbian artillery and the easing of an arms embargo against Bosnia-Herzegovina's government.

London and Paris are especially wary about military action that could endanger their troops now serving with peacekeeping forces in the former Yugoslavia.

In a joint news conference with the French foreign minister, Alain Juppé, Mr. Christopher said that they had "found common ground to implement" the UN peace plan. The accord would establish a provisional government in Sarajevo and divide Bosnia into 10 ethnically based cantons.

Mr. Christopher also held talks with President François Mitterrand, Prime Minister Edouard Balladur and Defense Minister François Léotard. He then departed for Moscow, where he is to meet with Russian leaders on Wednesday.

Mr. Christopher said U.S. troops would be sent to the Balkans to help enforce the "good-faith" peace agreement.

The Bosnian Serb legislature is to vote Wednesday on the accord, which was signed by their leader, Radovan Karadzic, in Athens on Sunday. If the legislature rejects it, Mr. Juppé said, "We've excluded no measures." But he acknowledged that they had made no decision to endorse any military option.

He described the talks as "frank and friendly." Various scenarios had been discussed, he said, beginning with "the best solution" — the ratification of the peace plan devised by Cyrus R. Vance, the UN negotiator, and Lord Owen, the European Community envoy.

Mr. Juppé said the second scenario — a breakdown of the agreement — would be "unfortunate."

Mr. Christopher said the allies were determined "to forge a common consensus," although no final decisions had been made.

If the agreement fell apart, he said, "the United States would be consulting with its allies in a new sense of urgency."

His European trip was originally intended to gather support for Mr. Clinton's provisional plan for air strikes on Serbian sites and the easing of the arms embargo on Bosnia.

"We do not think that aerial strikes should be done unilaterally," Mr. Balladur said on Monday. "We are not convinced it would have a positive effect on the ground."

Mr. Juppé was more adamant in a television interview on Sunday.

"There is a division of tasks that I don't think is acceptable — that of having some flying in planes and dropping bombs, and others, the Europeans, especially the French, on the ground," he said.

(Reuters, AP)

# WORLD BRIEFS

## Britain Opens Arms-to-Iraq Inquiry

LONDON (Reuters) — A former British Foreign Office minister complained on Tuesday of memory gaps when he was questioned on the opening day of an inquiry into British arms sales to Iraq.

The inquiry is looking into whether the Conservative government knowingly broke its own rules banning sales of military equipment to Iraq in the years leading up to the 1991 Gulf War over Kuwait. Both Prime Minister John Major and Margaret Thatcher, prime minister during the time covered by the inquiry, are scheduled to testify.

Sir Richard Luce, a minister at the Foreign Office in the 1980s, was the first witness questioned. When asked about decision-making within the Foreign Office, Sir Richard repeatedly said he could not remember details of what had been said in nonrecorded discussions nine years ago. "I can only guess. I cannot remember every word," he said.

## Woman Set to Head a German State

KIEL, Germany (AP) — A woman looked certain to become the head of a state government when Heide Simonis was nominated by the governing party Tuesday to succeed Björn Engholm as premier of Schleswig-Holstein. Germany has never had a woman at the helm of the national government in Bonn or in any of the 16 states.

Miss Simonis, 49, an economist, has been finance minister of Schleswig-Holstein. She became acting minister-president, or premier, on Monday after Mr. Engholm resigned his posts as national head of the Social Democratic Party and state governor amid a political scandal.

The Social Democrats, who have a majority in the state parliament, have no other candidate for the top job. The party is to hold a convention May 15-16 to nominate its candidate, and the parliament will meet May 19 to elect the premier.

## Sri Lanka Seizes Bombing Suspects

COLOMBO (Reuters) — Sri Lankan police and soldiers raided a hotel outside Colombo on Tuesday and detained 15 young Tamils in connection with the May Day assassination of President Ranasinghe Premadasa, police sources said.

A police official said earlier that a Sinhalese man, described as a friend of the suspected killer, had been held for questioning.

Police investigators have blamed Tamil rebels for killing Mr. Premadasa, who was assassinated by a suicide bomber at a May Day rally in Colombo. The Liberation Tigers of Tamil Eelam, who are fighting for a separate state since 1983 for the minority Tamils, have denied involvement in the killing.

## Palestinians See Progress in Talks

WASHINGTON (Reuters) — Israeli-Palestinian working groups met for a second day at the Middle East peace talks Tuesday, with a Palestinian source calling the atmosphere "positive."

Negotiators on both sides had no comment when they arrived at the State Department, indicating that the talks have gotten down to serious business and that arguments through the media were no longer needed. The Palestinians have said that the talks are finally achieving results.

## Patten Argues for U.S.-China Trade

WASHINGTON (Reuters) — Governor Chris Patten of Hong Kong urged the United States on Tuesday to renew normal trade status for China as a means of promoting further economic and political reforms there. Mr. Patten, who made his case to President Bill Clinton at the White House on Monday, said promoting an expanded dialogue had a better chance of influencing China's leaders.

Mr. Patten, in a speech at the National Press Club, said both reforming China and the economy in Hong Kong would be hurt if the United States withdrew China's most-favored-nation trade status or attached tough conditions to its renewal next year.

## For the Record

Prime Minister Süleyman Demirel of Turkey, ignoring opposition calls for a neutral head of state, confirmed Tuesday that he would run for president. The post fell vacant when Mr. Demirel's longstanding political rival, President Turgut Özal, died of a heart attack April 17. (Reuters)

## 747 Engine Pins Due by Summer

SEATTLE (Reuters) — Boeing Co. said Tuesday that replacement engine pins for its 747 jumbo jets should be ready this summer. The company decided to design stronger pins following two air cargo jet crashes in which engines fell off.

The replacement pins will be made of a new, corrosion-resistant steel and last longer, Boeing said. In both the crash of an El Al jumbo jet in Amsterdam in October and of a China Airlines 747 in Taiwan in December 1991, right-wing engines sheared off. U.S. authorities have said the pins were implicated in both cases.

The company said in April that it planned to offer the new pins free to 747 operators, who would have to cover their own installation costs.

## TRAVEL UPDATE

KLM Royal Dutch Airlines said it was offering cut-price vouchers on European flights to passengers who fly its trans-Atlantic routes. The vouchers will be sold to travelers who book round-trip tickets from Amsterdam to any of KLM's 11 U.S. destinations by June 14, and make their outbound flight before Oct. 24. (AP)

A French-U.S. treaty governing air travel expired quietly Tuesday, but there are no signs of any disruption to flights. France decided a year ago to let the pact expire, saying U.S. carriers were seeking excessive flight increases. A U.S. official said the two sides last talked about a new treaty on April 14, and no further talks were scheduled. (Reuters)

Egypt is opening a campaign to "erase the negative impact of Western media coverage of fundamentalist terrorist activities," a tourism official said Tuesday. He said Cairo had hired the British public relations firm of Bunsco-Marsteller to lead the effort. (AP)

Cholera is ravaging the Angolan capital, Luanda, with about 2,000 cases being reported a week, aid agencies said. At least 60 people in the city died of the disease in the last month, they said. (AP)

## CHINA: An Arms-for-Oil Scenario

(Continued from page 1)

sources division of the Asia technical department at the World Bank, said that coal-burning in Asia, much of it in China, would continue to be a major contributor to global warming, acid rain and other air pollution problems.

She said that Asia's carbon dioxide emissions were expected to increase by up to 30 percent by the year 2000, offsetting any savings that were achieved by industrial nations limiting their emissions over the next seven years.

The European Community and the United States have committed to expensive programs to lower so-called greenhouse gas emissions to 1990 levels by the end of the decade.

Charles J. Johnson, head of coal research at the East-West Center in Hawaii, said recently that China was adding more poisonous sulfur dioxide and nitrogen oxides to the atmosphere each year from its expanding use of coal than was being removed annually under severe environmental restrictions by the 24 industrialized countries in the Organization for Economic Cooperation and Development.

China's change from an oil exporter to an importer will hasten the emergence of the Asia-Pacific region as the world's largest, as well as fastest-growing oil market.

The region, which is expected to consume more than 14 million barrels of oil per day in 1995, is already the second-biggest oil market ahead of Europe, and analysts say it will probably overtake the United States by the turn of the century.


"With nearly one-quarter of the world's population and one of the fastest growing economies on earth, Chinese requirements can substantially shift the demand curve for petroleum," said Robert B. Weaver, an energy finance expert and senior vice president of Chase Manhattan Bank.

# Heart, Not a Cold, Sidelines Li Peng, Report Contents


HONG KONG — Prime Minister Li Peng of China, 65, who has canceled several recent meetings and visits, is suffering from heart disease and not from a cold, as claimed by Beijing officials, the Express newspaper of Hong Kong reported Tuesday.

In reporting Mr. Li's absence from the opening Monday of a Communist Youth League congress, the Chinese-language newspaper said: "Current information in Beijing has it that Li Peng is suffering from heart disease. Therefore he cannot make public appearances."

The paper also noted that Deputy Prime Minister Zhu Rongji had taken over day-to-day administration of the State Council, of which Mr. Li is chairman.



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# BOSNIA: Muslims Appeal to UN for Help After Reports of New Assault

(Continued from page 1)

and to allow in more doctors and medicines.

But Peter Kessler, a spokesman for the United Nations High Commissioner for Refugees who coordinates relief work throughout the former Yugoslavia, confirmed Tuesday that water supplies had not been restored to Srebrenica, with the enclave's roughly 60,000 inhabitants limited to a half liter or three quarters of a liter of water a day.

He also said that Serbian forces were continuing to prevent the United Nations from bringing in a consignment of Norwegian tents for refugees and those whose homes have been destroyed, claiming they were "military supplies." Ironically the same tents were used

last year as temporary homes for Serbian refugees fleeing a Muslim offensive in central Bosnia.

A major new Serb attack on Zepa, if confirmed, will clearly be damaging to Mr. Karadzic's credibility at a time when he professes to favor peace. But it is not certain whether such an attack should be seen as a sign of duplicity by him or of the fact that his authority over his own field commanders remains limited.

Nevertheless, the possibility that peace could be at hand in Bosnia-Herzegovina appears to be forcing the leaders of the breakaway Serb state in the Krajina district of Croatia to reconsider their position, diplomats here say.

If the Belgrade government

forces Bosnia's Serbs to give up their plans for an independent Serbian state, it will have support from the Krajina Serbs as well and compel them to accept a measure of autonomy inside a Croatian state.

Goran Hadzic, the self-styled president of the Krajina region, met in Geneva on Monday with representatives of Croatia and the United Nations' Balkan mediators for new talks.

Asked about those talks at a press conference here last Monday on his return from Greece, President Franjo Tudjman of Croatia said the meeting was "a new round of talks in new circumstances." He added that a peace agreement in Bosnia-Herzegovina would "obvi-

ously" make the Krajina crisis easier to resolve.

Meanwhile, in a rare piece of good news from Bosnia, the United Nations reported that it succeeded Sunday in getting its first relief convoy into the besieged enclave of Gorazde since April 7, when 10 trucks delivered 98 tons of supplies.

Relief workers reported that 70,000 people were trapped there.

Since late November, the Serb forces have only allowed the United Nations to bring in 1,200 tons of relief supplies by road, far less than is needed, and it is only the American-led airdrops that have prevented mass starvation. So far, 368 tons of food and 9 tons of medical supplies have been parachuted into Gorazde.

# CAMBODIA: Japanese Policeman Dies in Ambush

(Continued from page 1)

camp at the airport and the houses of peacekeeping elements from New Zealand, India and Singapore, the officials said.

No members of the UN force were hurt in the attack, which left at least nine persons dead and 21 wounded.

At least 52 UN volunteers have

pulled out for security reasons since the killing of a Japanese volunteer on April 8 in Kompong Thom Province, a UN official said.

As of May 1, Japan had contributed 75 unarmed civilian police to UNTAC, as well as eight military observers and a 598-member engineering battalion, according to UN personnel figures. The decision to

send the peacekeeping forces was the subject of intense debate.

■ **Denunciation by Tokyo**

Japanese government officials denounced the attack Tuesday night, but they reaffirmed their intent to keep the peacekeepers in Cambodia. The New York Times reported from Tokyo.

send the peacekeeping forces was the subject of intense debate.

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# STATESIDE / ASPIN'S SEAT

## Wisconsin Showdown Puts Clinton in the Electoral Crossfire

By Clifford Krauss  
New York Times Service

JANESVILLE, Wisconsin — President Bill Clinton is not on the ballot, but he is definitely in the campaign here to fill Defense Secretary Les Aspin's seat in the U.S. House of Representatives.

The Republican candidate is running against the president and his Democratic opponent is running away from him in Tuesday's special election.

The rolling dairy lands and lakeside industrial towns in the southeast corner of the state is a swing district, Republican in some presidential elections, Democratic in others.

But this time around, local polls indicate that the race in the First District between Mark Neumann, a Republican home developer, and his Democratic opponent,

state Representative Peter Barca, is too close to call.

It all may come down to a tug-of-war between organized labor and a coalition of people opposed to gun control and abortion over who can get out the larger vote.

Mr. Neumann has attracted President Gerald R. Ford, Bob Dole of Kansas, the Senate minority leader, and former Housing Secretary Jack F. Kemp to campaign for him and back up his contention that the election is a referendum on President Clinton's first 100 days.

At a fund-raiser in Janesville on Saturday, Mr. Dole said the vote would be "a preliminary indication of how the president is doing."

Voter turnout could be as low as 25 percent because it is a special election. And many voters and local political analysts scoff at the notion that the race is a vote

about Mr. Clinton, saying such an idea has importance only among Washington politicians and analysts.

Still, the tenor of the campaign suggests that support for Mr. Clinton's message and economic program may be eroding in the nation's midsection.

At a rally in downtown Janesville in a pouring rain Monday, Mr. Neumann told supporters that the election results would reverberate around the country.

"The news stories on national television Wednesday can either be the people of Wisconsin have sent a vote of confidence for President Clinton, or the news story can be we do not want the tax increases," he said.

In radio debates and campaign speeches, both candidates have railed against the free-trade agreement with Mexico, which

Mr. Clinton has generally endorsed, and they have competed over plans for cutting spending.

Mr. Neumann has strongly opposed Mr. Clinton's economic package, and Mr. Barca has suggested he might also vote against it if it includes the proposed energy tax, which he says would hurt manufacturing in Wisconsin.

Mr. Barca noted in an interview Saturday that he had not invited any national Democrats to campaign for him.

"If I supported the president on everything, lock, stock and barrel, then there would be a referendum," he said.

In another interview with editors of The Wisconsin State Journal last Tuesday, he was quoted as saying, "I don't think Clinton's plan is that hot, frankly."

The third-ranking Democrat in the state

assembly, Mr. Barca bases his election hopes on his reputation as a longtime friend of the auto workers and members of the government employees union in Racine, Kenosha, Beloit and Janesville.

Mr. Neumann is counting on the farm vote, and hopes rainy weather will persuade the farmers to take time off from plowing their soybean and corn fields to vote.

A victory for Mr. Neumann, who was beaten by Mr. Aspin in November but gained valuable name-recognition in the process, would raise the Republican membership in the House to 177 members against 257 Democrats. There is one independent.

In another special election on Tuesday, a Republican is expected to win easily in Ohio, where Representative Willis D. Gradison Jr. retired before his term ended.

### POLITICAL NOTES

**Skip Unknowns' Tomb, Protesters Tell Clinton**

WASHINGTON — President Bill Clinton's avoidance of military service during the Vietnam War continues to haunt him, triggering a protest to thwart any plans he might make to visit either the Tomb of the Unknowns at Arlington National Cemetery or the Vietnam Veterans Memorial.

A White House official said that the protest, organized by a retired North Carolina lawyer and two former Vietnam veterans, had resulted in 10,000 to 15,000 postcards being mailed to the White House. The White House press secretary, Dee Dee Myers, said the number was far lower, about 600.

"Please, in view of your activities during the war in Vietnam, let's not see you engage in any hypocrisy by attending ceremonies either at the Vietnam Wall or the Tomb of the Unknown Soldier," the cards say. "While your esteemed conscience led you to organize events that provided aid and comfort to the enemy, American soldiers were maimed and killed obeying the legal processes of representative government."

Mr. Clinton has announced no plans to attend memorial services at either the memorial or cemetery. But every president since John F. Kennedy, with the exception of Lyndon B. Johnson, has attended services to the nation's war dead at Arlington.

The American Legion, the nation's largest veterans group, dissent from the protest. "Bill Clinton is the commander in chief," said a Legion spokesman, Phil Budalm. "He should be able to go anywhere he wants to go on military property." He said the Legion may disagree with Mr. Clinton's policies, but "we still respect the man and we still respect the office."

**Pentagon Asks Resumption of Nuclear Tests**

WASHINGTON — The Pentagon supports the resumption of nuclear-weapons testing "at the earliest possible time" under current law. The position reflects the Clinton administration's belief that limited testing would not be at odds with President Clinton's campaign pledge for a comprehensive test ban.

John Detch, the undersecretary of defense for acquisition and chairman of the Nuclear Weapons Council, told a House panel that underground testing was necessary to ensure the safety of the nuclear stockpile.

He also said the government needed to conduct the tests "to position the United States to the extent that it is possible, to maintain a safe, secure, reliable and effective nuclear deterrent after testing is halted."

Last year, Congress approved a measure imposing a nine-month moratorium on nuclear weapons tests beginning in October 1992. That moratorium expires July 1, at which time the administration must report to Congress whether it wants to resume testing. (AP)

**Big Spenders in Search of a Legislative Break**

WASHINGTON — What do gun owners, United Parcel Service managers and dentists have in common? Donations by their political action committees increased the most among all such committees that gave more than \$1 million each to congressional candidates over the last two years.

A new report by the Federal Election Commission shows that political action committees, or PACs, which raise and spend money to influence legislation, contributed more than \$205 million during 1991-92, nearly \$189 million to House and Senate candidates and almost \$17 million to national party committees.

The committees can give up to \$5,000 per election to a candidate; their giving to congressional candidates was up 19 percent in the last cycle. As usual, they gave most of their money to incumbents, about 72 percent, with 12 percent going to challengers and 16 percent to candidates in open-seat races. (WP)

**Quote / Unquote**

"We need to get the lawyers out of the doctor-patient relationship." — Ira C. Magaziner, the manager of President Clinton's task force on health care reform.

## Dole's 'Hardball' Makes President Duck

By Ann Devroy  
Washington Post Service

WASHINGTON — If these new gunguis at the White House thought tussling with Bob Dole was going to be fun, they got another lesson. The Senate Republican leader challenged the president to "suit up" for a little "hardball politics" over a joke. When the game was over, Bill Clinton was apologizing.

It started Saturday night when Mr. Clinton made fun of Mr. Dole's attack on his jobs program as "pork." The forum was the annual White House Correspondents' Association dinner. By custom, presidents are supposed to be funny and mock their foes. This is not serious stuff. It is supposed to be what passes for fun in Washington.

Mr. Clinton, following the custom, accused the Kansas senator of attacking the cookie jar into which he was dipping his own fingers. Mr. Dole, he said, was criticizing the Community Development Block Grant program as useless pork when Mr. Dole himself was trying to get \$23 million out of the program to turn a Kansas senior-citizen center into a boathouse.

This is what Mr. Clinton said about the defeat of his jobs program at the hands of Senate Republicans:

"Senator Dole and all those Republicans said, 'You just don't understand — this thing is full of pork, it's a damn scandal.' I was appalled and then, I read Monday in The Wall Street Journal about a senator from Kansas who asked for \$23 million of that money to convert a senior citizens center to a boathouse in Kansas. ... And he was right, after all, and I apologize to Senator Dole."

Mr. Dole was not at the dinner

and no further word might be heard about this except that on Sunday morning, the Republican leader was making his now almost-weekly appearance on one of the talk shows as the Voice of the Opposition.

On "This Week with David Brinkley," Sam Donaldson hit Mr. Dole with the boathouse question. Mr. Donaldson told Mr. Dole that the president had called him "one of the porters" and then in front of

group that wanted to use private funds to turn it into a boathouse.

Mr. Dole's role was to write a letter asking the federal government to waive an interest in the building, since the federal government had put up \$500,000 to build it in 1980.

The White House on Monday first argued that Mr. Clinton's point was valid: Mr. Dole wanted taxpayers to pay for pork, a boathouse. The rationale was that the

working for him, engaging in minor-league politics.

By day's end, the White House called a time-out. Communications Director George Stephanopoulos said the president "regrets" misinterpretations of "hyperbole" that he may have used. The \$23 million figure, Mr. Stephanopoulos said, turned out to be not exactly right. In fact, it was about \$22 million wrong. The taxpayers would have been out \$1 million under the Dole waiver.

Was Mr. Dole gracious? "We have seen, the White House statement and while it is a step in the right direction, we do not believe it goes far enough," a Dole spokesman said.

The White House later backpedaled from a crack that the president made at the correspondents' dinner about Rush Limbaugh, a conservative talk-show host. The Associated Press reported from Washington, Mr. Clinton said Mr. Limbaugh had praised Attorney General Janet Reno after she was criticized by Representative John Conyers Jr., Democrat of Michigan, in a hearing on the tragic outcome to the 51-day standoff at the oil compound in Waco, Texas, led by David Koresh.

Mr. Clinton said Mr. Limbaugh "only did it because she was attacked by a black guy." Mr. Conyers is black. Some members of the audience groaned at the comment, and Mr. Limbaugh complained later, "It's not funny" and said "I'm not a racist."

Commenting Tuesday on the incident, a White House spokeswoman, Dee Dee Myers, said: "I think it was meant to be taken in good faith — certainly not intended to offend anyone."

**'Jeez. This was a joke. Get it? Hyperbole. You know, exaggeration. You can't possibly be making a big deal out of this.'**

A White House official.

the world — or at least that part of the world that watches Sunday talk shows — ABC showed a film clip of Mr. Clinton mocking Mr. Dole.

Mr. Dole, who has not in anyone's memory taken a political charge calmly, coldly told Mr. Donaldson he did not know what Mr. Clinton was talking about.

By dawn Monday, Mr. Dole had the matter researched within an inch of his life. He provided the media with letters, witness accounts and other paper that suggested — some might say proved — that Mr. Clinton had goofed.

There was a senior citizens' center in Kansas that was built under the Community Development Block Grant program, it turns out, at a cost to taxpayers of about \$500,000, but that was 13 years ago. When the center relocated in 1992, rather than demolish the vacant building, the city asked the federal government to allow it to give the building to a nonprofit

taxpayers would not get back the \$500,000 they paid for this building under a waiver, and that means Mr. Dole is a hypocrite. Asked where the \$23 million figure came from, Mr. Clinton said Mr. Limbaugh had praised Attorney General Janet Reno after she was criticized by Representative John Conyers Jr., Democrat of Michigan, in a hearing on the tragic outcome to the 51-day standoff at the oil compound in Waco, Texas, led by David Koresh.

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### WACO: Children's Tales

(Continued from page 1)

ly segregated, Dr. Perry writes that the children told him Mr. Koresh had "wives" as young as 11 and routinely discussed sex openly with even the youngest girls in Bible lessons.

Dr. Perry said that although the children seemed highly protective of the cult's secrets, "over the course of two months, the kids became increasingly open about 11- and 12-year-old girls being David's wives." He said it was also clear in these conversations that the status of "wife" included having sex with Mr. Koresh. Under Texas law, sex by an adult with girls under the age of 17 is statutory rape, a felony.

While Mr. Koresh was reported to have an assortment of electronic equipment and high-power weapons, the compound lacked running water and plumbing.

"The children described using a pot for urinating and defecating, which they would empty every day," Dr. Perry wrote. After the children's release, he recalled, "There was a fascination about flushing toilets, most apparent with the young children."

In addition to being struck with "the helter," the children were disciplined by being deprived of food, sometimes for as long as a day, the report said. Dr. Perry added that the children "had a difficult time making the adjustment to a non-physical form of discipline" after leaving the compound.

While the report notes that the children seemed to be reading at appropriate grade levels, there was no discussion of formal schooling outside of Bible classes. Girls were allowed to sleep as late as they wanted, while boys were forced to wake up early as 5:30 A.M. for what the children called "gym," which the report describes as "marching, drilling (possibly with firearms) and other physical activities that sounded very much like paralytic exercises."

Yet to the children, Dr. Perry said, the world inside the compound was normal. Even after their release, and as they described their treatment by Mr. Koresh, nearly all the children have talked about their love for him. During therapy sessions, several of them drew pictures with hearts, under which they wrote, "I Love David."

But Dr. Perry sees their feelings as something else.

"Fear is what it was," he said in an interview last week. "They learned to substitute the word 'love' for 'fear.'"


The cult leader controlled everything — sex, school, play, even diet. What emerged in the children's portrayal of their world, Dr. Perry wrote on March 11, was "the sense that there is going to be an absolute explosive end to these children's families."

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France	001-800-777-1111	Denmark	000-8078	Cuba	000-8078	Korea	000-8078
Germany	001-800-777-1111	Egypt	000-8078	Guatemala	000-8078	Malaysia	000-8078
Great Britain	001-800-777-1111	Finland	000-8078	Hong Kong	000-8078	Mexico	000-8078
Holland	001-800-777-1111	Greece	000-8078	India	000-8078	Nicaragua	000-8078
Italy	001-800-777-1111	Ireland	000-8078	Japan	000-8078	Philippines	000-8078
Japan	001-800-777-1111	Israel	000-8078	Korea	000-8078	Portugal	000-8078
South Korea	001-800-777-1111	Italy	000-8078	Malaysia	000-8078	Spain	000-8078
Spain	001-800-777-1111	Japan	000-8078	Mexico	000-8078	Thailand	000-8078
Sweden	001-800-777-1111	Korea	000-8078	Nicaragua	000-8078	Taiwan	000-8078
Switzerland	001-800-777-1111	Malaysia	000-8078	Philippines	000-8078	USA	000-8078
Taiwan	001-800-777-1111	Mexico	000-8078	Portugal	000-8078	Worldwide	000-8078
Thailand	001-800-777-1111	Nicaragua	000-8078	Spain	000-8078		
Turkey	001-800-777-1111	Philippines	000-8078	Thailand	000-8078		
USA	001-800-777-1111	Portugal	000-8078	Taiwan	000-8078		
West Germany	001-800-777-1111	Spain	000-8078	USA	000-8078		
Worldwide	001-800-777-1111	Thailand	000-8078	Worldwide	000-8078		

### AMERICAN TOPICS

#### There's Lots of Green In Academe's Groves

Most college presidents make more than \$155,000 a year in pay and benefits, according to a survey of 190 leading colleges and universities by The Chronicle of Higher Education. President John R. Silber of Boston University headed the list, receiving \$414,715 in 1991-92 in salary and benefits.

The survey was based on tax forms that all private nonprofit institutions must file with the U.S. Internal Revenue Service.

The Chronicle also surveyed other high earners in academia and found some made far more than their presidents. For example, Wayne Loom, professor of cardiovascular surgery at Cornell, received \$1.78 million in 1991.

Few football or basketball coaches were on the list. But the journal noted that many coaches supplement their incomes with athletic shoe endorsement deals and television appearances; their compensation from those sources is not listed on the IRS forms.

#### Short Takes

To meet state quotas for low-income housing, residents of San Marino, Bradbury and Rolling Hills Estates, three affluent communities in Southern California, are designating maids' quarters, caretakers' cottages and even swimming pool cabanas as low-price dwellings. Thus far, state officials have not objected, provided such quar-

ters have separate kitchens, bathrooms and entrances. But Jan Breidenbach, head of the Southern California Association of Nonprofit Housing, called it "outrageous." Kay Kneppath of the California Homeless and Housing Coalition said, "Are they counting the stabber?"

Rare emerald icebergs are simply ordinary icebergs turned upside down, like a capsized ship, according to The Journal of Geophysical Research. Emerald icebergs break off from vast slabs of frozen snow called ice shelves. Their green appearance results from seawater that has frozen to the bottom of the fresh-water ice shelf over hundreds of years. The seawater contains dissolved organic matter, like algae and plankton, giving a yellow tone to the bottom part of the fresh-water ice shelf, which itself has a blue tint. When the iceberg capsizes, it appears green through the visual mix of yellow and blue.

A new, experimental marine paint made with cayenne peppers is so fiery it will blister fingers. And it may prevent mussels and barnacles from attaching themselves to ships, buoys and intake pipes, says Ken Fischer, 69, a Pittsburgh inventor. The U.S. Navy is now testing the idea. The navy already uses a copper-based paint to repel barnacles. It is effective but toxic, killing all marine organisms that come into contact with it.

"While some people believe that good marriages are made in Heaven," observes Ann Landers, the advice columnist, "I can tell you the maintenance work must be done right down here."

Arthur Higbee

JAVICO 1550

# Herald INTERNATIONAL Tribune.

Published With The New York Times and The Washington Post

## Avert World Recession

Weakness in the world's other big industrial economies threatens the hope for strong growth in America. Bill Clinton's plans for economic resurgence are going to be affected by conditions overseas — and whether the rich countries are still capable of working together for their common good.

Japan shows no signs so far of pulling out of the slump into which it fell last year. Germany is sliding into a severe recession. There is likely to be no growth this year in France or Italy. To summarize the situation, the International Monetary Fund has just published a forecast of world economic growth in 1993 that is one-third lower than it expected as recently as last October.

What should be done? The IMF, in a staff survey, offers some advice — carefully. The IMF is, after all, an international institution whose board is dominated by the countries that are the targets of its advice. You could regard it as a memo from a group of experienced, rather cautious economists to their masters in high political offices in various capitals.

To the United States, the IMF urges a much more aggressive attack on the budget deficit. Instead of cutting it in half over the next five years, the Americans ought to eliminate it altogether. The Clinton administration has resisted that kind of acceleration on grounds that it might tip the coun-

try back into another recession. The IMF counters that the drop in long-term interest rates would help offset the shock.

For Japan, the advice is to increase government spending. To Germany, which is already spending too much, the IMF suggests that the time has come to cut interest rates, and Germany has begun to do them. Throughout most of Europe, budget deficits need to come down massively. The thrifty Germans' deficit is now almost as big as the spendthrift Americans'. Deficits in France, and especially in Britain and Italy, are even bigger.

The IMF gives strong support to another project that a lot of governments would just as soon avoid — the Uruguay Round of world trade negotiations. To let it fall after six years of work would have a terrible effect on business and expansion.

All of this good counsel — particularly the parts about deficits — is going to be met with a chorus of objections that doing those things is politically impossible. But if the industrial countries do not begin to work more closely together, the IMF warns in its stiff bureaucratic style, further deterioration "might be difficult to avoid."

That is the agenda for Tokyo — the annual summit meeting of the seven richest countries, in July.

— THE WASHINGTON POST.

## America and Bosnia

It is far too early to hail signing of a peace agreement by the Bosnian Serb leadership, until now the holdout, as a triumph for American diplomacy and a vindication of the threat of force. Bosnia, remember, is in shreds: tens of thousands dead, perhaps 1.5 million uprooted, the country's sovereignty mutilated. Serbian duplicity could yet precipitate a crisis in which President Bill Clinton would have to deliver on his threat of air strikes, with unpredictable consequences in battle but predictably negative consequences at home. Serbian compliance could draw in the promised American contingent to a United Nations peacekeeping force, putting perhaps 20,000 Americans at risk.

The punishing isolation inflicted by new United Nations sanctions plainly weighed on Serbia, a small, poor, exhausted country vulnerable to embargo. His referendum win, meanwhile, freed Boris Yeltsin to close Serbia's political escape hatch in Russia. And it does seem that the threat of force helped focus the attention of Serbia and its Bosnian Serb clients on the alternatives opened by the UN plan.

But the testing of President Clinton is far from over. The still possible spreading of the war gives him urgent strategic reason,

and the civilian agony gives urgent moral reason, to add the threat of force to the American position to ensure that the Serbs' words of peace are confirmed by deeds, even though widespread popular and Pentagon apprehensions that intervention will produce a quagmire still crowd him from the other side. By default, the Vance-Owen plan for an ethnic crazy quilt in Bosnia became the safe option of international diplomacy. Enforcing it will be a nightmare. To ensure order within and between the 10 provinces and across their thousand miles of internal borders, to arrange a Serbian retreat from war-torn territory, to repatriate refugees to their broken homes — all this requires great steadiness and a commitment to the long haul.

From President Clinton it requires even more. He has been unclear about his policy beyond the legitimate demands of tactical discretion, seeming to be reaching out from behind a curtain for an unattainable but bureaucratic, domestic and foreign consensus. He badly needs to speak more directly about both the policy and the purposes he expects the American military to conduct and the American people to support.

— THE WASHINGTON POST.

## Handing Over in Somalia

The world's disarray over the bloodletting in Bosnia has obscured a more successful lifesaving operation in Somalia. An international force led by the United States has created a secure environment for delivering relief supplies. Millions of Somalis now live in relative peace as violence has abated. And Somalia itself has taken the first steps to reconstruct a shattered society. Americans have reason for pride as the United Nations takes over a humanitarian operation authorized by President George Bush and inherited by President Bill Clinton.

Yet some Americans worry that a precedent is being set in this second phase of Operation Restore Hope. Of 28,000 peacekeepers due to remain in Somalia, about 4,000 will be American. They will be led by a non-American, Lieutenant General Cevik Bir of Turkey. This will be the first peacetime instance in which Americans have served, outside NATO, under a foreign commander.

That is no cause for alarm. Not only is Turkey a NATO ally, but the deputy commander is an American, Major General Thomas Montgomery. And a quick-reaction force of 1,300 U.S. Marines to be stationed on an offshore assault ship will be commanded by General Montgomery. Besides, the entire operation is under the continuous supervision of the UN Security Council, on which the U.S. representative has the power of veto.

Still, members of Congress are right to worry about an open-ended U.S. commitment to a multinational force. Representative Benjamin Gilman, of New York, the ranking Republican on the House Foreign Affairs Committee, would require reauthorization by Congress every six months, and periodic reports on the cost and purposes. A less restrictive Democratic resolution would approve deployment for a year, which seems sufficient.

In Somalia, the United Nations has tried to stop a war in a country without any governmental authority. Its operation fuses humanitarian aid, peacemaking and political conciliation. This is on-the-job training with a vengeance, and the Clinton administration needs to make clear when and under what circumstances U.S. forces will depart. Americans have no wish or reason to wear out their welcome as Somalia finds a home-grown remedy for its grievous wounds.

— THE NEW YORK TIMES.

## Other Comment

### China and Taiwan Get Started

There are several ways one could look at the first direct talks between China and Taiwan. Plainly, Taiwan's economic success and China's own furious push to attain prosperity are the driving force behind this remarkable turn of events. It is no small irony, therefore, that economic fundamentalists stoked some heat in the talks. Taiwan seeks legal protection for its investments in China against expropriation. Figures are imprecise, but the outlay ranges from \$5 billion to \$10 billion. China wants, first, direct trade, a lifting of the prohibition on direct investments, direct air and sea links, and the use of Chinese labor in Taiwan.

This stalemate will take time to overcome. For Taiwan, according to substantive direct contact with the mainland remains hereby unless China grants political concessions first. But it is too early to be discouraged. No one with a modicum of understanding of the complicated negotiations would think of an early breakthrough. However, those who have a sense of balance about the enormous gulf between the two parties would call the results impressive.

— The Straits Times (Singapore).

### Courageous and Correct

President Bill Clinton has made a difficult, courageous and correct decision to engage the military power of the United States in Bosnia. The form of the engagement is not yet known. The Clinton administration has concluded that the diplomacy backed only by economic sanctions has failed. The failure is not just a failure to restore peace. It is a failure to halt the slaughter of Muslims.

The Bosnian Serb leader, Radovan Karadzic, has now seen fit to ratify the Vance-Owen plan, doing so even as Mr. Clinton was deciding on military action. But a transparently insincere attempt to buy time is, at this point, not likely to buy very much of it.

Mr. Clinton's decision is not just courageous, however, but also correct because the United States, as a multiethnic, citizenship-based state, cannot ultimately be safe in a world where ethnic purity is honored as a principle of statehood and because the United Nations, born from the ashes of postwar Europe, can scarcely begin to police the rest of the world if it cannot even first police Europe. If the game is lost in Europe, the game is simply lost.

— Los Angeles Times.

## Reform Has Won In Russia

By Jeffrey D. Sachs

CAMBRIDGE, Massachusetts — Democracy and market reforms triumphed, spectacularly in Russia's referendum, and now President Boris Yeltsin is losing no time in carrying out his mandate.

Before the vote, too many American pundits, journalists and experts on Russia were wrong about what would happen. Many still don't see the light, even though Mr. Yeltsin won an overwhelming mandate for his leadership and his drive for new parliamentary elections to replace a legislature held over from the Communist regime.

For two years, many of us have insisted that Mr. Yeltsin's reforms would triumph because they were sensible and wanted. Many Russia-watchers did not perceive the extensive support for Mr. Yeltsin because they misunderstood the reform process and patronized the Russians, whom they evidently consider politically inert, culturally collectivist, tolerant of authoritarianism and without economic initiative.

When Mr. Yeltsin called the referendum, a leading expert on the former Soviet Union called it a "significant misstep," apparently taking it for granted that Mr. Yeltsin could not win a popular mandate.

Other "experts" predicted that voter apathy would keep the vote low and that the reforms would be rejected because they are too painful. Rather than face a vote, they said, Mr. Yeltsin should compromise with his opponents.

Didn't these observers understand that the popularly elected Boris Yeltsin has not been fighting a loyal opposition whose legitimacy is based on a popular mandate, and is not merely



By HENG in Linde Zeeber (Singapore), CAW Graphics

debating reform tactics? He is fighting the remnants of the Communist power structure, which is struggling viciously to stay in power despite the virtual absence of public support.

The Congress of People's Deputies rigged the electoral rules to try to preserve its life, declaring that more than half of all potential voters would have to call for new elections, not just half of those voting.

Despite the 65 percent turnout and the 65 percent who want new parliamentary elections, this power play has been given credence by some pundits and editorial writers who urge Mr. Yeltsin to compromise with the Communists since he supposedly cannot force new elections.

Russians want and need rapid reforms in order to wrest the economy from the detested Communist apparatus and reinvigorate economic life. A defeat on the referendum question concerning approval of Mr. Yeltsin's 1992 economic reforms was almost universally predicted. Even though the public supported these reforms,

journalists kept misreading its mood. A Boston Globe reporter gave three reasons for the outcome — a clever Yeltsin advertising campaign; a "stoic endurance" despite economic hardships, and a "stereotypical, but no less real, trait in many Russians — the desire for order and a strong leader." He did not mention a fourth possibility — that perhaps the Russians dislike communism and want a normal market economy.

A Wall Street Journal report said: "A majority voiced support" for the economic reforms, "but there is a growing consensus, shared even by Yeltsin, that the pace of reform should be slowed and its pain softened." This falsely assumes that fast reform is more painful than slow reform, and it directly contradicts Mr. Yeltsin's statements about intending to speed reforms if he won.

Similarly, a New York Times editorial said: "Mr. Yeltsin should reach out to reform-minded opponents in the parliament. To do that, he may have to shelve made-in-the-West

economic blueprints." Remarkable logic! After winning, Mr. Yeltsin should shelve his strategy and run back to the parliament, the principal brake on the reforms. The reference to supposed "made-in-the-West blueprints" patronizes Russia's reformers and panders to its xenophobes.

Mr. Yeltsin has now handed regional leaders a new draft constitution and asked them to help set up a constituent assembly to complete it. The charter would strengthen the presidency and get rid of the Congress of People's Deputies, replacing it with a two-house parliament.

Mr. Yeltsin has also declared that he will push privatization and economic stabilization. The parliament will tune, but he will prevail because he has the people and the democratic idea on his side.

The writer, professor of international trade at Harvard University, is an economic adviser to the Russian government. He contributed this comment to The New York Times.

## In Poland, Reform Has Meant Pain and Division

By Konstany Gebert

WARSAW — In the past year or so, Poland has emerged in the Western media as the European economic success story and as a model for Russia. Articles in prestigious dailies have painted an almost glowing picture of the Polish economy as one that has broken out of recession, maintained a stable currency, curbed hyperinflation and even produced an export boom. The coverage invariably concludes with a vindication of the "shock therapy" economic policies adopted by the government.

The reality is less cheering. Shock therapy has divided Poland, hurt most people, and paralyzed the political process. Recent surveys show that only 20 percent of Poles express

empty state coffers and creditors at Poland's throat."

The Balcerowicz program had wide political backing. The entire anti-Communist opposition endorsed it. Communist opposition endorsed it. Communist opposition endorsed it. Communist opposition endorsed it.

At first, the instant economic changes — goods instead of queues, convertible currency instead of inflated money — offset the shock of the social costs. Officials predicted that Poland would leave the worst of the changes behind in half a year, and the country believed them.

As long as the positive results of shock therapy outweighed the negative ones, people did not more than grumble. National TV announced rising unemployment figures almost with enthusiasm, as proof that Poland was again becoming a "normal" country.

Fiscal policy was to be only one element of economic change. The government also introduced a privatization program, a mixed bag of proposals that ground to a halt rather quickly because of political discord in parliament. State enterprises, facing market competition for the first time, were supposed to adapt, privatize or go bankrupt. Bankruptcies, however, were rare. State enterprises adapted by producing and mutually supporting bad debts. In this strategy, the state-run enterprises were supported by the labor force, which constituted the backbone of Solidarity.

In the parliamentary elections of 1991, forces hostile to the Balcerowicz program netted a majority of the vote. But, unable to produce a conceptual alternative to shock ther-

apy, the president and the parliament eventually fell back on variations of the Balcerowicz plan. The majority of voters felt betrayed.

Since then, scandal after financial scandal has rocked the country, as unscrupulous entrepreneurs profited from loopholes, corrupted politicians and made billions.

Almost 14 percent of the country is on the dole. One in three families now lives below the official poverty line.

The state, relinquishing its stranglehold on the economy, had to abandon the pretense of shaping the budget as well. As revenues tumbled and expenditures grew, drastic cuts of up to 30 percent were imposed in spending on education, health care, social security, pensions and unemployment benefits. With the nation making the great jump to capitalism, the safety net was suddenly withdrawn.

Social discontent started expressing itself forcefully. Each new government, after insisting that worker demands were incompatible with economic reform, has had to make concessions in the face of strikes.

The country has divided between those favored by or unaffected by the plan and the larger number hurt by it. Among the former were the political elite, entrepreneurs and the intelligentsia. Among the latter were workers employed in the decrepit smokestack industries, state employees, whose wages did not follow inflation, retirees and even peasants who could not compete with cheap food imports from EC countries.

But critics are weakened by the fact that they seem unable to present an economic alternative that would be acceptable to the International Monetary Fund and Poland's creditors. "Without their approval," Finance Minister Jerzy Ciesiatyński reminded the parliament recently,

"Poland will lose more, in debt reduction and credit guarantees, than it can possibly gain through changes in its fiscal policy, even in the short run."

This logic only confirms the belief of those who maintain that the entire program is oriented toward the interests of foreign financial institutions, not those of Poland. "A reverse Rob-in-Hood," says Karol Modzelewski, leader of the small Union of Labor, "robbing the poor to feed the rich."

Shock therapy has exacted staggering costs. Around Warsaw, violent crime has doubled in the last few years, and the homeless, hitherto unseen, have become a common sight. In some rural towns, children are going hungry.

If Poland were ethnically heterogeneous like other East European countries, social tension would probably express itself along nationalistic lines. But Poland is overwhelmingly Slavic and Catholic. Social conflict, in the country that produced Solidarity, is more likely along class lines. Given the weakness of the country's democracy, preventing such an outcome is of the highest priority.

But the battle cry of class warfare attracts few combatants. Communist militants made people wary of anything that smacks of leftist ideology. Still, the strength of egalitarian feeling should not be underestimated.

It was the motivating force behind a recent proposal, endorsed by Solidarity's national leadership, to hold a referendum on the issue of huge personal fortunes. The idea is to pass a law allowing for confiscation of "illegally acquired wealth." One commentator denounced this as a manifestation of a "Bolshevik mentality," but the government needs to analyze the sources of such demands.

The government of Prime Minister Hanna Suchocka seems aware of this necessity. The Enterprise Pact it recently signed with trade unions, giving them significant say over the future of privatized state companies, is an attempt to bridge the gap.

Poland seems torn between two visions of its future. One, held by the privileged minority, sees light at the end of the tunnel. The other, held by a much larger minority of those who have lost out in the reforms, sees only pain and suffering. One vision welcomes the therapy, the other recoils from the shock. Each is true in its own frame of reference. The central questions of Polish democracy are: Which one will prevail? And how?

The writer, an underground journalist in the 80s, is a political columnist at Gazeta Wyborcza, Poland's biggest daily. He contributed this comment to The Washington Post.

## One in three families now lives below the poverty line. Around Warsaw, violent crime has doubled.

trust in the current parliament, while more than half actually say that the Communist system was better.

This should give pause to those who urge Boris Yeltsin to use his victory in the recent referendum to pursue Polish-style reforms in Russia.

Shock therapy in Poland was largely the work of two men, the Harvard economist Jeffrey D. Sachs and the then-deputy prime minister, Leszek Balcerowicz. In 1989, Mr. Balcerowicz, following Mr. Sachs's advice, cut subsidies, froze wages, liberalized prices and made the country's currency, the zloty, convertible. As prices skyrocketed and unemployment soared, hitherto unavailable goods suddenly appeared in shops and the zloty became real money again. Enter the market.

Jack Kuron, the veteran Solidarity activist who was then labor minister, said the government had no choice. "The Communists had left behind an almost four-digit inflation,

people even though exports account for just 10 percent of their output. An export push into burgeoning markets in Asia and elsewhere would dramatically increase their payrolls.

As developing countries industrialize and urbanize, they are generating ever greater amounts of dangerous waste. Much of the pollution spreads beyond national borders. In China, India and Thailand, for example, burning low quality coal adds substantially to the global problem of acid rain and greenhouse gases.

As in developed countries, citizens of developing and newly industrializing countries now realize the health hazards from pollution and are demanding a cleanup. Their governments have slowly begun to respond, but they require assistance. American private companies and scientists can provide what they need.

By linking environmental export enhancement to an overdue streamlining of the foreign aid program and greater attention to the world demographic challenge, the Clinton administration can establish an interagency program appropriate to the times that could rally broad support.

Mr. Clad, an Asia specialist, is a senior associate at the Carnegie Endowment for International Peace. In Washington, Mr. Stone has written several books on sustainable development and is vice chairman of ECHO, a recently launched magazine about business and the environment. They contributed this comment to The International Herald Tribune.

## Green Foreign Aid Would Sell Better

By James C. Clad and Roger D. Stone

WASHINGTON — Altruism and national security, the principal justifications for U.S. foreign aid since World War II, no longer match up. The Clinton administration has concluded that the diplomacy backed only by economic sanctions has failed. The failure is not just a failure to restore peace. It is a failure to halt the slaughter of Muslims.

The Bosnian Serb leader, Radovan Karadzic, has now seen fit to ratify the Vance-Owen plan, doing so even as Mr. Clinton was deciding on military action. But a transparently insincere attempt to buy time is, at this point, not likely to buy very much of it.

Mr. Clinton's decision is not just courageous, however, but also correct because the United States, as a multiethnic, citizenship-based state, cannot ultimately be safe in a world where ethnic purity is honored as a principle of statehood and because the United Nations, born from the ashes of postwar Europe, can scarcely begin to police the rest of the world if it cannot even first police Europe. If the game is lost in Europe, the game is simply lost.

fiscal year 1992, America's total aid appropriations sank to just 0.20 percent of its \$6 trillion GNP. In the OECD, only Ireland does less.

To reverse these trends, foreign aid needs a new rationale. Some newness is being made. After fierce bureaucratic tussles in the aid agency's fragmented empire, the Clinton administration has proposed a different design for the program. As outlined recently by J. Brian Atwood, administrator-designate, it will break fresh ground as well as revive earlier doctrine.

As it did during the 1970s, the program will emphasize "basic human needs" and democracy. It will offer support for better agricultural and forestry practices, health, education and population control.

All this is good as far as it goes. But these days, sustainable development has even less pull than altruism on Capitol Hill and around the nation. Without a different focus, any new-look aid program will dwindle along at present levels or worse.

If Mr. Clinton wants to recapture public support for foreign aid, he must go beyond another bureaucratic reshuffle and the assistance abroad to the creation of jobs at home. He could do this by helping U.S. suppliers of environmental equipment, technologies and services export more, thus adding an anti-pollution thrust to the aid agenda.

Despite stiffening competition from Germany and Japan, the U.S. environmental industry remains the world's largest, with at least \$80 billion a year in sales. America's green companies employ 800,000

people even though exports account for just 10 percent of their output. An export push into burgeoning markets in Asia and elsewhere would dramatically increase their payrolls.

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IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1893: Silver Columbus  
PROVIDENCE, Rhode Island — The silver statue of Columbus, intended for the World's Fair at Chicago, has just been cast at the Gorham Works in this city. The statue, which is larger than life-size, has been designed by M. Frédéric-Auguste Bartholdi, the eminent French sculptor, who executed the statue of "Lafayette arriving in America" and the colossal statue of "Liberty enlightening the World" on Bedlow's Island in New York Harbor. Nearly a ton of metal, valued at \$25,000, has been used in the Columbus statue.

1918: Positive Forces  
LONDON — Interviewed concerning his visit to the front, Mr. Lloyd George said: "I saw Generals Foch, Sir Douglas Haig, Petain, Pershing, Rawlinson and the other members of the High Command. They are all full of confidence. I also saw a very large number of officers and soldiers from the regiments which were in the firing line throughout the last six weeks of gigantic effort, and their confidence, too, is astounding. I did not meet one pacifist or one pessimist among them, and they are utterly unable to understand the quarrels that have occurred in certain circles at home."

1943: Germans Pull Out  
LONDON — [From our New York edition:] German radio announced today [May 5] that the Axis forces had abandoned their Krymskaya defense bastion, 17 miles northeast of Novorossiisk, and that the Russians continued ferocious attacks against the new enemy positions to the west. Russia did not claim the capture of Krymskaya, but its earlier capture was a bold feat of arms in which Red and Axis armies fought back and forth with great and serious sectors changing hands as it was followed corner-attack. The official German news agency gave the first word of the evacuation of Krymskaya.

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OPINION

Tell Vance and Owen You're Sorry

By A. M. Rosenthal

NEW YORK — Something important is missing in all the talk about how only American muscle and guts are bringing peace in Bosnia — an apology to Cyrus Vance and David Owen. The apology is a matter of decency. It is also a matter of understanding what happened, to help protect the peace in case it actually comes about.

ON MY MIND

for a political basis for peace, I have been in rooms where journalists treated them as prisoners in the dock. In print they were accused of being Chamberlains, of creating a new Munich, of selling out freedom and human rights by outlining a political settlement.

came up with nothing else. That meant that the United States could exert no decisive pressure on the combatants because it had nothing to offer.

When the Clinton administration decided that there was more to the presidency than hey baby — hey baby, it's all about money — it began doing well. It accepted Vance-Owen, acknowledging that it was the difference between peace, with all the Balkan complications, and the continuation of a particularly horrible civil war.

Washington also supported increased sanctions against Serbia itself. And Bill Clinton's team resisted the American Bombing Association. Every day it was after them to start plastering Bosnian Serbs right away, yesterday, and get on smartly with bombing Belgrade. That would have made the Balkan war an American war.

It could still happen. But resisting bombing for so long paid off for America. Last week Belgrade backed far off from its Bosnian Serb clients.

Maybe advance bombing talk helped. But Belgrade acted before Mr. Clinton made up his mind. Tough UN sanctions were biting deep into Serbia's economy, far deeper than into Iraq's before Desert Storm. Serbia is intimately tied into European markets, and did not have the advantage of Jordanian sanction-breaking so useful to Saddam Hussein.

himself to bombing if the Bosnian hard-liners turn down Vance-Owen. Neither he nor the American public wants that. If the hard-liners in the Bosnian Serb "parliament" do refuse — or double-cross the United Nations later — they will be bringing American power into the war, which their own sponsors in Belgrade are desperately trying to avoid.

I have been against entering the war by bombing. Like people everywhere I hope that the Bosnian hard-liners listen to the world and do not bring bombs down on their countrymen.

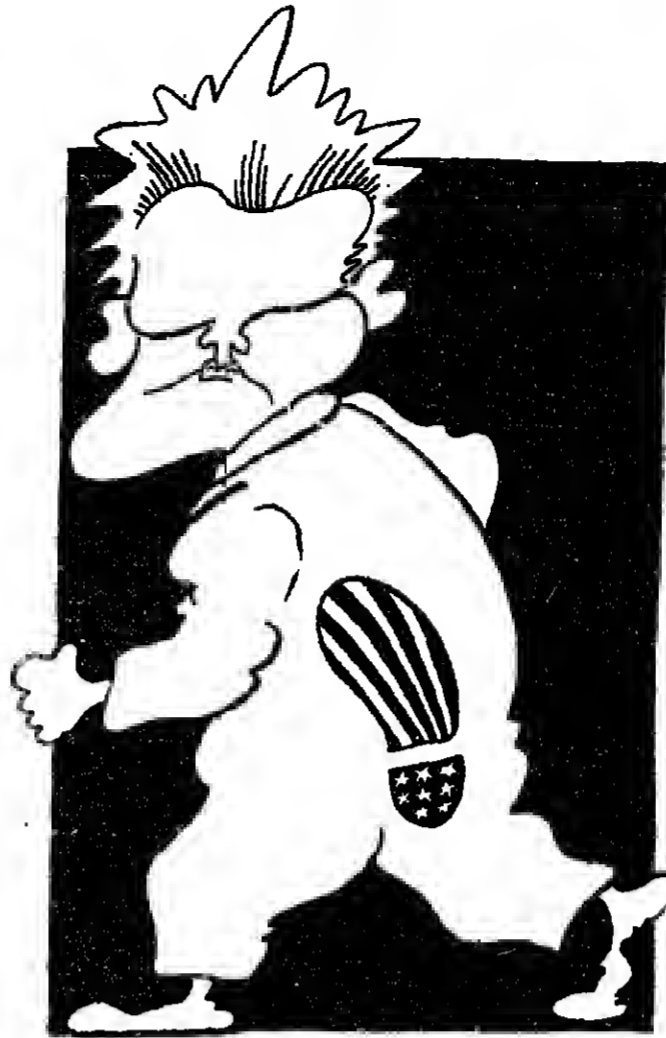
The critics of Vance-Owen choose to forget that the plan is not simply the only settlement on the table. It also includes the essential condition for any peace: a military schedule for disengagement and partial disarmament by all parties.

The United States still does not have what it needs most — clear-cut understanding about how deep in the United States will get, and when if ever it will get out. But without the disengagement part of Vance-Owen, U.S. troops sent to join a United Nations force in Bosnia would be not keeping a peace but fighting a war from the day they landed — something Mr. Clinton said he would not do.

Since it is not likely that Mr. Vance, his outstanding deputy Herbert Okun or Lord Owen will get their apology from their willifiers, here is one to a member of the trio from a supporter.

In one column I referred to Lord Owen as a rather crabby Englishman. He corrected me: Welshman, he said, Welshman.

The New York Times.



By CORAX in Belgrade. C&W Syndicate.

Smoking Guns, Lost Trust In the Rubble of Tailhook

By Ellen Goodman

BOSTON — The report begins with a table of contents unmatched in the annals of military manuals. There is a section on "Indecent Assaults." Another on "Indecent Exposure." A third labeled "Other Improper Conduct."

To get a taste of Tailhook all you have to do is read the subheads: "Gantlet," "Streaking," "Leg Shaving," "Butt Biting," "Zapping." The taste you get is raunchy and sour.

But to get the full flavor of the Tailhook convention of 1991, you have to read every word, follow the investiga-

aside, that 30 aviation officers died in flying-related accidents in the year after Tailhook. Those who do this work are not without courage.

The sorry fact is that the men who committed these Indecent Assaults and Indecent Exposures and Other Improper Conduct are special men who have done very special damage to their institution. And they are not alone.

It seems that in the past year, almost every major American institution has been wounded by the exposure of some male authority figure. Most often by the sexual misuse of power.

In the Catholic Church, a former priest, James Porter, stands accused of molesting dozens of children as the church moved him anyway from one parish to another.

In the judiciary, the respected chief judge of New York state's highest court, Sol Wachtler, pleaded guilty to extorting money and threatening his former lover and her teenage daughter.

The Senate is still trying to deal with the sorry tale of Bob Packwood, errand Republican from Oregon.

The clergy, the Congress, the military, the judiciary — none of these institutions that together form the establishment has been untouched. Each has been challenged.

The revelations are long overdue. The military and the church were each set up to defend and take care of us in their own ways, but it is not uncommon for protection to become a protection racket. For a long time there was an implicit deal that said men's jobs were more important than women's bodies. We protected institutions so we could believe that they protected us. It doesn't work like that anymore. Women don't work like that anymore.

What has been lost in these actions and revelations is trust and, I suppose, respect. What has been lost, especially for young boys, I fear, is the belief in the male ethic of protecting others. A belief in male authority as good authority.

In 1991, the report tells us, many of the men attending the Tailhook convention after the Gulf War regarded themselves as "returning heroes." Their heroism got lost somewhere on the third floor between Victim Number One and Victim Number 90. It's going to take time to get the muck of Tailhook off the top guns.

The Boston Globe.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

LETTERS TO THE EDITOR

One Way to Bring Peace

Regarding "Do Better for Liberia" (Opinion, April 20):

In urging "free and fair elections" in Liberia, The Washington Post seems to have forgotten the recent "free and fair elections" in Angola, and the consequences. The UNITA guerrilla movement accepted the principle but disagreed with the results and simply reneged; UNITA then resumed its war on the governing MPLA.

A better model for ending a civil war is Lebanon. After 15 years of civil war, the Syrian Army simply occupied the country to restore order. You may rest assured that Syria has no intention of withdrawing from Lebanon, no matter how "free and fair" any eventual elections may be. Damascus knows that its withdrawal would be the signal for the resumption of civil war.

Will any government or intergovernmental organization assume the long-term occupation of Liberia to restore

order there? In my view any "energized diplomatic initiative by the United States" is doomed to failure.

BEROL ROBINSON, Meudon, France.

The Wayward Press

Regarding "When the Experts Fight, Journalists Are Umpires" (Opinion, April 6):

Richard Harwood's claims for the mediative powers of journalists confronted with the complex issues of science and society are excellent news, if true. But a journalist needs the technical background to sort through the issues, claims and counterclaims in each case. This is no trivial task, and the evidence on this is not altogether encouraging.

Second, many of the topics that are the subject of study by the scientific community exhibit considerable systematic complexity, which calls for entirely different ways of thinking from the man-bite-dog stories that fill the col-

umns of most newspapers. One characteristic of complex phenomena is that they often incorporate what appear to be contradictory forces and trends, any of which, if taken out of context by a journalist in a hurry, can lead to a "good story" but possibly an irresponsible policy analysis.

Third, and closely related to the above, the greater part of these issues are actually works in process and not at some convenient end-point. Such matters as climate modification, national health services, "Big Science," Head Start programs and the like all involve substantial learning curves, while there is inevitably a lot of contradiction and stumbling along the way. That is just the nature of social and scientific progress.

Lastly, these issues often do not lend themselves to encapsulation in the abbreviated forms and pressing deadlines of today's news media. It is unreasonable to expect that complex social and scientific issues can be sorted out in the print equivalent of "sound bites."

What is needed is a new generation of properly trained journalists with scientific backgrounds and good media skills; much deeper coverage by the media; and a sense of ethics that, sad to say, goes far beyond what is often seen in the profession today.

F. E. K. BRITTON, Paris.

Rushdie and Islam

Regarding "Satanic Blasphemy" (Letters, April 9) from Suraiya Rahman:

One may defend Salman Rushdie and have deep respect for Islam and Muslim culture at the same time. Leaders of the Third World, Muslims and non-Muslims alike, should realize that to deal with the West successfully and on an equal footing, they have to comply with the rules that form the basis of the existence of the United Nations, the Red Cross and Red Crescent and other international entities.

Those who disagree may as well stop

using computers, televisions, video cameras and motor vehicles, for they are as much products of our civilization as tolerance, free speech and compassion.

JANUS AVJYSON, London.

What They're Reading

I was thrilled to see your new "What They're Reading" feature in the Books section, and disappointed not to see it there every day. Do make this a regular feature. What a great idea! Though trying to tell a book by its cover is neither always possible nor always advisable, telling people by the books they are reading is always fascinating and always fun.

SHARI LESLIE SEGALL, Paris.

I couldn't care less what "they" are reading!

A. HELD, Bern.

Two sentences stay in my mind. At one point, the investigators write: "Navy and Marine Corps aviation officers are well-educated, physically fit, technically proficient and well-trained." These were the best and the brightest who should have known better. At another point they note, almost in

Germany's leading national daily and business newspaper

Frankfurter Allgemeine

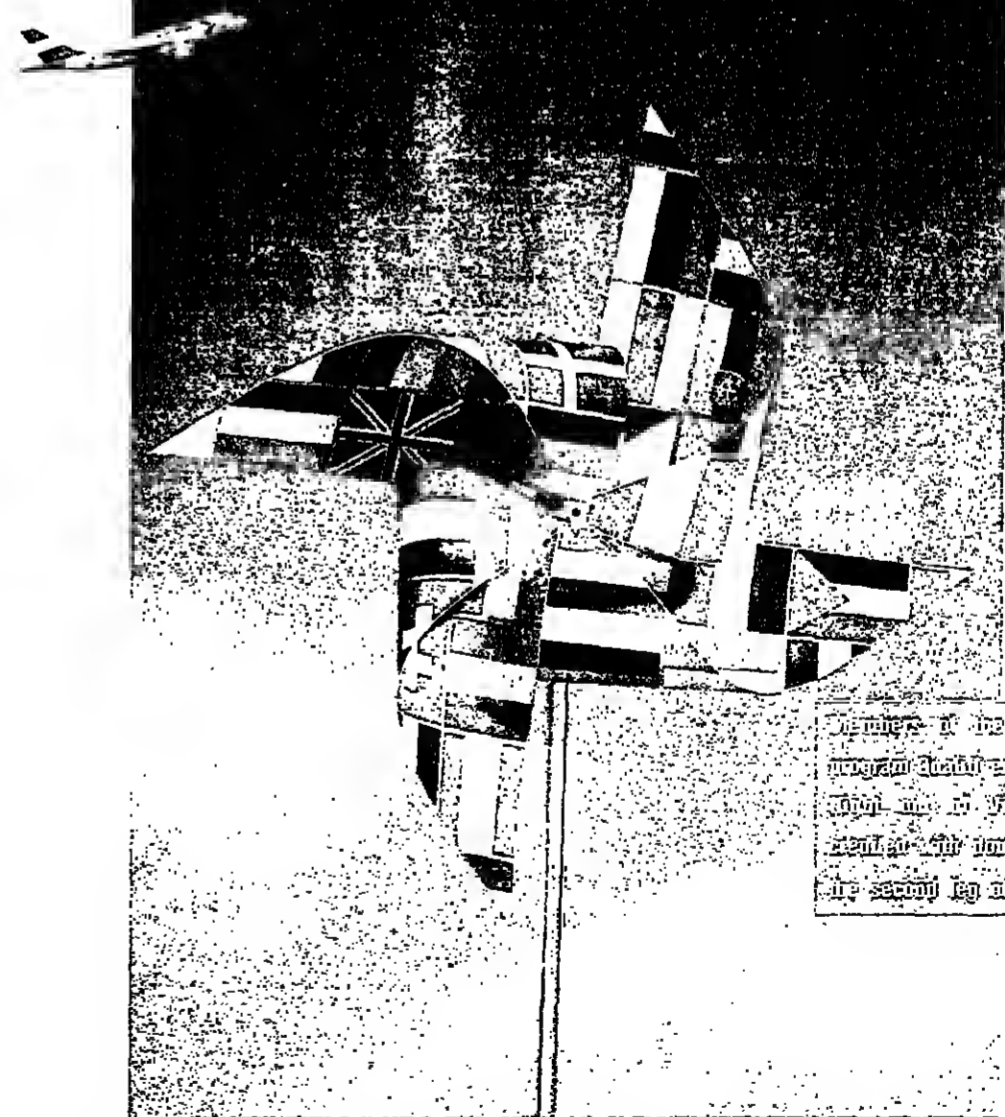
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# 4 Officials Refuse to Rejoin Italy Cabinet

Compiled by Our Staff From Dispatches  
ROME — Prime Minister Carlo Azeglio Ciampi's government lost a struggle Tuesday to persuade four ministers to reverse their decisions to resign, and finally named four university professors to the positions.

Mr. Ciampi also received an unexpected boost from his most vocal critic, Umberto Bossi, leader of the insurgent Northern League, who said his party wanted the new government to last until the summer and might help by abstaining in a confidence vote on Thursday.

Mr. Ciampi is committed to leading Italy to general elections despite his cabinet's problems.

The four ministers resigned on Thursday to protest Parliament's decision to block a corruption investigation of Bettino Craxi, a former Socialist prime minister. Mr. Ciampi, however, had held off formally accepting the resignations.

The new prime minister had apparently been counting on changing the minds of the ministers — three former Communists and a Green party environmentalist — but that hope faded Tuesday.

"I can say that none of the four ministers will return," said Luigi Berlinguer, a member of the former Communist Party, the Democratic Party of the Left, after meeting Mr. Ciampi to confirm his resignation.

The other ministers who resigned are the former Communist Vincenzo Visco and Augusto Barbera and the environmentalist Francesco Rutelli.

To fill the posts, Mr. Ciampi appointed four professors. He named Franco Gallo as minister of finance; Umberto Colombo as minister of universities and scientific research; Paolo Barile as minister of parliamentary relations; and Livio Paladin as minister of European Community affairs.

On Monday, the Democratic Party of the Left refused to back Mr. Ciampi, who had named former Communists to a government for the first time since 1947. It was of clear, however, whether the party would vote against him or abstain on Thursday.

With the fate of the government hanging on the vote, help for Mr. Ciampi came from an unexpected quarter when Mr. Bossi held out the possibility that the Northern League's 55 deputies could opt for neutrality. (Reuters, AP)



The commander of the British contingent in Bosnia, Colonel Bob Stewart, right, meeting with Muslim soldiers in Jelanac on Tuesday.

# NATO: Alliance Drafts Plan for Multinational Force

(Continued from page 1)

The self-appointed Bosnian Serbian parliament is to vote Tuesday on the United Nations-European Community peace plan, which the Bosnian Serbian leader, Radovan Karadzic, signed on Sunday. Officials said planning for both bombing and peacekeeping is occurring simultaneously, with one diplomatic source describing the two options as "finely balanced."

A U.S. military officer in Europe said the signing of the peace pact, coupled with concrete demonstrations of good faith by all three factions, would "start the clock ticking" toward deployment of the peacekeeping force within weeks.

While the United States has agreed to provide about a third of the peacekeeping troops, it is not clear from which nations the remaining two-thirds would be taken. The U.S. officer in Europe expressed hope that if the prospects for a genuine settlement continued to improve, major European allies would "fall in line" with offers of their own.

That may already be happening. Britain and France are considering a plan to contribute roughly a brigade of mechanized infantry each, or about 5,000 troops, according to

a diplomatic official, who asked not to be identified.

[The Times of London reported Tuesday that Britain was expected to contribute 10,000 troops.]

U.S. officials also said that they expected contributions from Third World countries, including India and Nigeria, and from multinational forces already serving in Bosnia under UN command.

U.S. officials have attached special importance to securing the participation of Russia in any peacekeeping mission. Russia is a historical ally of Serbia, and U.S. planners believe that the Russians' presence would lend credibility to the multinational effort.

In New York, where the UN Security Council met Monday to consider preparations for a peacekeeping force, the Russian representative, Yuli Vorontsov, said his country would contribute a "substantial number" of troops.

Under the NATO plan, the operation would unfold quickly, with U.S. Marines securing the Croatian port cities of Split and possibly Ploce in concert with seaborne troops from other countries, possibly including Spanish forces, sources said. The U.S. amphibious ready group Seapan, which carries about 2,200 Marines, is currently in the western Mediterranean and likely would get that mission, sources said.

Three battalions of U.S. Army paratroopers, or about 3,000 men, would secure the airfield at Sarajevo and surrounding areas, the sources said. Two likely candidates for that job are the 3d Battalion's 325th Airborne Infantry Regiment, based in Vicenza, Italy, and an Army Special Forces battalion based in Bad Toiz, Germany.

They would be followed, in turn, by the 1st Armored Division from Bad Kreuznach, Germany, which comprises about 12,000 combat soldiers and a large contingent of armored vehicles. The soldiers and their equipment would arrive either by rail or ship from Bremerhaven and would be resupplied through the ports secured by the Marines, sources said.

The United States also would provide engineering troops to improve main roads and bridges and civil affairs teams to engage in "nation-building" activities, such as organizing schools and repairing telephone systems, U.S. officers said. Several officers likened the peacekeeping mission to a larger, more complex version of the recent U.S.-led deployment in Somalia.

General John Shalikashvili, the U.S. Army officer who commands allied forces in Europe, signed a "confidential operations order" in recent weeks spelling out the essential elements of the plan, sources said. The plan was largely developed in Naples under the supervision of Admiral Jeremy H. Boorda,

who commands allied forces in southern Europe and would likely command the mission.

A senior U.S. official said that the "broad issues" of peacekeeping were discussed at a National Security Council meeting Monday but that NATO's contingency plan had not been discussed and approved either at that level or by the president.

"The military is doing what it is supposed to do — plan," the official said. "The president will decide how to proceed when it is appropriate."

Top administration officials have had a series of conversations with General Shalikashvili and his staff about the peacekeeping mission, a senior official said.

"We obviously are working under the assumption that the force would not be fighting its way in," the official added.

The official cautioned that while Mr. Clinton had been briefed on how a peacekeeping force might operate, he had not been given details of the NATO plan.

The UN secretary general, Boutros Boutros Ghali, said in New York that he was in the early stages of calling upon member nations to contribute troops.

"We are still discussing with NATO," Mr. Boutros Ghali said after meeting Monday with Prime Minister Brian Mulroney of Canada.

# CLINTON: A Staff Shake-Up

(Continued from page 1)

Mr. Clinton will increase government spending instead of cutting it. The April 27-28 poll of 700 adults found Mr. Clinton's tax proposals were seen by 45 percent of those polled as a vehicle to spend more and by 35 percent as a vehicle to reduce the deficit, another virtual reversal from two months ago.

Mr. Clinton expressed no displeasure with any staff member but said, "We think that there needs to be a little tighter coordination here to make sure that we've got our priorities straight and that those priorities are communicated all the way down through the staff, and a little better focus."

The Clinton team originally planned for two or more deputies for Mr. McLarty, who has no direct political or Washington congressional experience.

The idea was to match his organizational skill and relationship to the president with a team of aides with greater sophistication about Washington and experience in the politics of governing, not just the politics of campaigning.

# West Adopts Limited Plan to Clean Up East Europe

By Marlise Simons

New York Times Service

LUCERNE, Switzerland — After more than three years of hand wringing over the environmental disasters left by communism, the rich nations of the West have adopted a common strategy to help clean up in Central and Eastern Europe.

A plan adopted by nearly 50 environmental ministers from virtually all of Europe, the United States, Canada and Japan identifies the most urgent targets and lists projects deemed most manageable in the former East bloc, including Western Russia.

The plan, called the Environmental Action Program, says air pollution is the most serious health hazard in the region, where lead, sulfur and soot have already affected the population.

Second, it calls for improving and protecting drinking water, which is often laced with heavy metals or toxic chemicals.

A third priority, it says, is to stop damaging nature in ways that may be irreversible.

Experts involved in drawing up the accord said it was also noteworthy for what it left out, such as projects on the wish lists of Eastern governments and Western environmentalists that could cost billions to carry out.

Cleaning up rivers and toxic dumps, removing hazardous waste or decontaminating former military sites, the plan says, have no priority, given the limited money available in the West.

The program, prepared by the World Bank and the Organization for Economic Cooperation and Development after discussion with all the governments involved, is likely to be used as a blueprint for environmental action in the East in the coming years.

Experts say that while the program is not binding on any country, it will influence how Western donors lend and spend.

"It's a game plan and it says: 'It will be a lot easier to get money from us if you do the following,'" a U.S. expert said.

While the program is the firmest commitment yet from the West that it will help clean up, diplomats said it also includes the bluntest message to date that the West does not intend to pay for redressing most of the environmental havoc caused under communism.

Resources for the environment "will be severely constrained over the next 5 to 10 years" while costs will be very high, the plan says.

An author of the plan said: "You'll see projects to clean air and drinking water. But there won't be a lot of talk about digging up waste. It will just have to stay there."

The idea is that the program will not have its own funds but will have the ability to generate loans and grants, some of

which are held up in Western banks or government aid budgets because of what has been described as a shortage of data or skilled staff in the East.

At the three-day conference here, Western governments pledged a total of \$30 million, including \$10 million from the United States, to pay for technical preparation needed to get loans and projects under way.

"We think the plan is very good," said Carol M. Browner, administrator of the U.S. Environmental Protection Agency. "It gives us concrete proposals and practical solutions."

It also places much of the onus on governments in the East. They would be required to take steps that also make economic sense, such as reducing waste of energy and water, improving maintenance and monitoring new waste, the plan says, stressing that small investments in conservation can have major environmental benefits.

The main emphasis of the plan is to think small. Inexpensive solutions, such as new filters, storage tanks and switching from coal to gas, it says, "can be more appropriate than massive programs."

A World Bank official said: "This is as much a message to Western industry, which has been pressuring to sell their new and expensive clean-up technology in the East. They have to understand that they

cannot just come and duplicate those megaprojects in the East."

Among the targets identified as the most urgent in the program are Czech and Polish lignite-fired power plants, where the reduction of sulfur emissions to West European standards would cost a fortune, said Kurt Lietzmann of the German Environment Ministry.

But he said the plants' toxic sulfur dioxide could be cut by almost one-third by adjusting temperatures, repairing pipelines and installing filters, instead of building huge desulfuring plants.

Environment ministers from Russia, Slovakia and other nations said that environmental issues, for all their gravity, had moved far down on domestic agendas because of the immediate problems of jobs, food and financing.

While delegates from East and West said they welcomed the new program, disenchantment on both sides was much in evidence in the corridors. Western experts complained that work in the East was uncommonly difficult because of the constant turnover of ministerial staff and the shortage of basic skills that prevent the monitoring of current Western-financed projects, let alone the start of new ones.

"I guess we have to be realistic," said Andrzej Czysz, a director at the Polish Environment Ministry. "Our absorption capacity is also limited. But there's disillusion on both sides."

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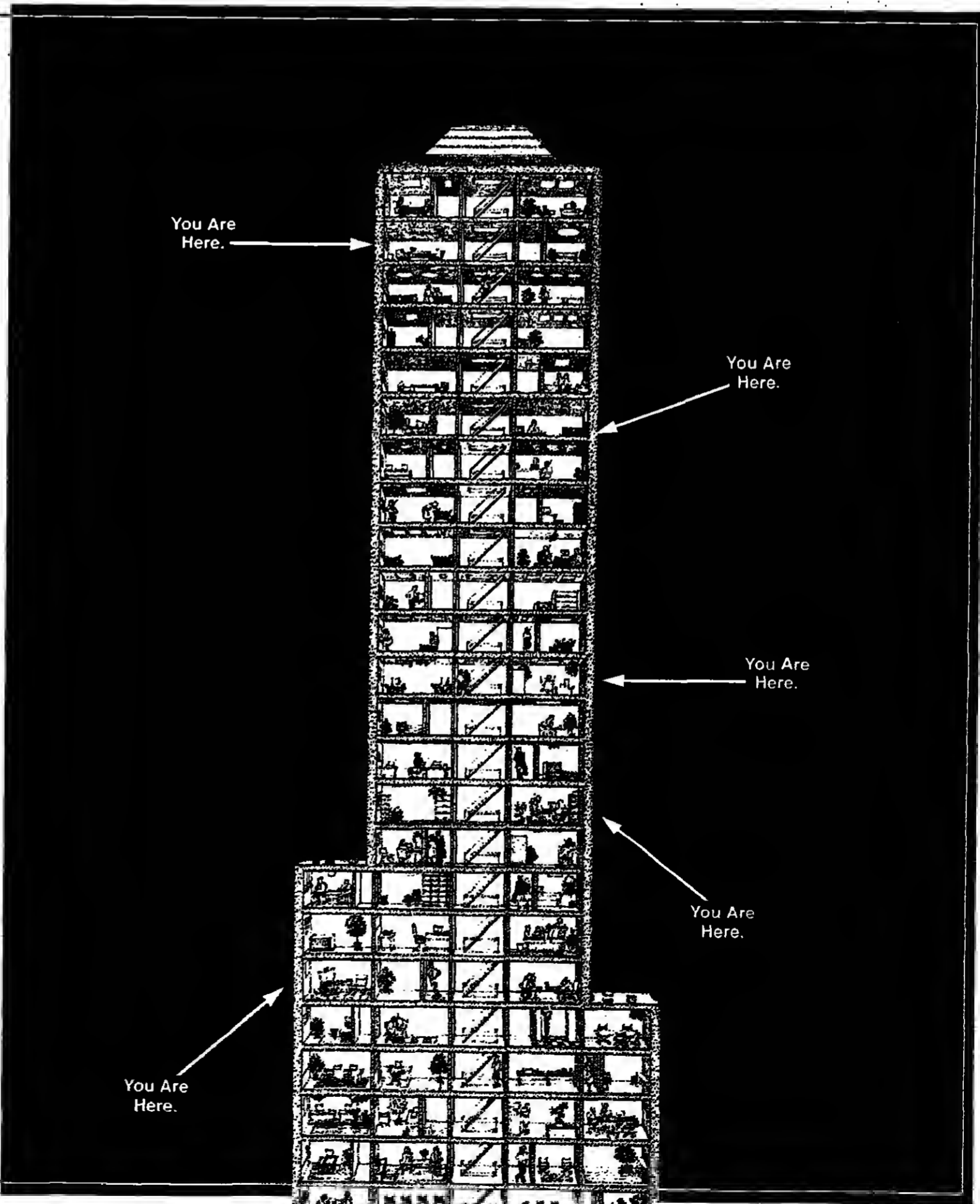
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سومالي



SANTIAGO DEBRIS — Mud and water swept the Chilean capital when canals burst after heavy rains. At least 11 people died.

# UN Takes Over Command in Somalia

By Keith B. Richburg  
Washington Post Service

MOGADISHU, Somalia — America's five-month military intervention in Somalia officially passed to the control of the United Nations on Tuesday as Lieutenant General Robert B. Johnston ordered the lowering of the American flag and his Turkish successor, Lieutenant General Cevik Bir, had the UN colors raised in a brief, low-key ceremony on the grounds of the old U.S. Embassy compound.

Tuesday's ceremony, in sweltering heat and humidity, was purposefully kept short — just under 25 minutes. Conspicuously, only a handful of Somalis attended. Officials have said that they did not want the transition viewed locally as any kind of major shift in the nature or purpose of the intervention, which was to break the stranglehold of the warlords and their armed militias and allow passage of relief supplies to the starving.

By the time the UN flag was hoisted Tuesday over the main embassy building, the transition on the ground had in reality already occurred. For the past several days, Italian troops, not U.S. Marines, have been patrolling the bomb-damaged downtown area known as the "Green Line" that divides the capital between north and south.

costly current operation in Cambodia. Over time, the world body will attempt to rebuild the country by restoring long-destroyed institutions ranging from banking and finance to health, education, sanitation and communications. Although the UN mandate is technically only for six months, at a cost of close to \$900 million, UN officials have said they expect to remain in Somalia for at least two years. The price tag for one year is placed at \$1.5 billion just for the peacekeeping budget, with more expected from donors to help with humanitarian and reconstruction operations.

But if there was any doubt that U.S. military muscle would remain on hand to buttress the new UN force, U.S. officials hoped to dispel it with a show of force in the form of 10 Cobra, Blackhawk and Delta helicopters that made several passes in formation over the capital as General Johnston boarded the C-141 jet that would take him and two dozen staff members to Andrews Air Force Base.

For the past several days, Italian troops, not U.S. Marines, have been patrolling the bomb-damaged downtown area known as the "Green Line" that divides the capital between north and south. Pakistanis now conduct the daily patrols throughout Mogadishu. Turks and Tunisians protect the old U.S. Embassy compound and the old university compound next door where foreign troops are housed.

And all the towns in the "famine zone" of Somalia are already in the hands of French, Belgian, Botswana and other coalition forces. Still, Tuesday's understated ceremony, with martial music provided by Pakistani bagpipers, marked a series of "firsts" for the U.S. military and for the United Nations.

General Johnston, the Scottish-born Marine general who served as H. Norman Schwarzkopf's chief of staff during the Gulf War, used the ceremony to praise the work of the U.S. servicemen and women who he said had broken the back of a debilitating famine and restored a measure of security to the country. "Our mission was to reverse the famine — we've reversed that," he declared. "It was to establish a secure environment. We have done that."

# A New Yemen Confronts Its Old, Well-Armed Self

By Nora Boustany  
Washington Post Service

SA'DAH, Yemen — Those doomed to a life of misfortune have to battle with lions or rife Yemen, an old saying here goes.

The latter pursuit could end in disaster as easily as the first, for a reason that is clear to even a casual visitor: Most men in this nation of 12 million are armed to the teeth.

Weapons are central to the culture of this nation of tribes at the southern edge of the Arabian Peninsula. On any Friday, the Muslim holy day, Yemeni men browse casually through rural gun souks.

In the tiny town of Zabar, Nasser Saeed Shakhani, 21, rushes to his shop in the bazaar each day after school, which he is still trying to complete. One side shelf is stacked with dog-eared notebooks, but the rest of his little store bristles with arms and ammunition. There are old hunting guns, modern automatic rifles, bazookas and an assortment of hand grenades.

What use are such weapons in this part of northwest Yemen, where chickens peck along dirt roads uncluttered by utility poles or other signs of the 20th century?

"The whole population buys these things," Mr. Shakhani said. "Guns and hand grenades are staples for special occasions, such as weddings, Friday outings and wars between citizens."

In many gun-laden and tribal

places of the Middle East, firing a gun into the air is a traditional mode of celebration. Hand grenades are less common.

In Yemen, where loyalty to tribe is at the core of men's identities, conflicts often are pursued with weapons.

On the roads that creep through the terraced countryside of northwestern Yemen, men strut about with assault rifles, machine guns and bandoliers of ammunition that sometimes hang from thin shoulders to sandaled feet. At first, it looks like war. But the more one travels into the Yemeni countryside, the more these turbaned men weighted down with daggers and steel blend into the scenery.

"As an honorable man, I wear a tie and he wears a Kalashnikov," a European diplomat said. "It is deterrance at its best," an observer said. "If you shoot me, you may survive tomorrow, and the day after my cousin will come for you and shoot you. We are still in the year 1400."

Qaed Shawit, 60, is the most important sheikh, or tribal chief, of Sa'dah. Laying back on cushions in his home, chewing khat — a stimulant in wide use — and holding his 5-year-old daughter on one knee, he spoke matter-of-factly. "Everyone here has weapons," he said. "This is part of our national dress and a deterrent. He who kills is killed. This is the limit of the law."

Mr. Shawit's influence at home was underscored by a hall full of people come to wish him well upon his election to parliament.

For all this, however, Mr. Shawit travels incognito when he leaves his own territory to travel the 325 kilometers (200 miles) south to Sa'ra. To reach the capital, he must cross the turf of three other tribes. He

usually does this at night, changing cars three times. In the partly modern, partly medieval capital, Sa'ra, satellite dishes dot the uneven skyline of mud buildings and skyscrapers. Sa'ra is about the only place in Yemen where guns are forbidden in such public places as schools, hospitals and banks. But even there, the jambiya, the dagger young men wear

upon reaching puberty, is still a daily trapping of manhood. A few kilometers away, though, in the province of Juhana, there is no such concession to modernity.

One sheikh, Abdullah Ahmad, head of the biggest coalition of tribes and recently elected to parliament, can command 50,000 armed men, Yemeni intellectuals say, while the army has 37,000.

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# Boeskys, in Court, Fight Over Money

By James Barron  
New York Times Service

NEW YORK — The divorce trial of Anonymous I vs. Anonymous II began, well, anonymously. Guards who usually know everything about the State Supreme Court in Manhattan had no idea who Anonymous I and Anonymous II were. They did not even know the appointed courtroom. Neither did clerks in the Matrimonial Office. They pecked at their computers and declared that they could not call up the case on their screens.

But the word spread soon: the Anonymouses were Ivan F. Boesky, a high-flying arbitrator before he pleaded guilty to insider trading, spent two years in prison and paid \$10 million in fines and restitution, and his wife, Susan, who filed for divorce in 1991. They have been taking their places in a courtroom on Centre Street — not, as reported, next door to the Woody Allen-Mia Farrow custody trial, but down the block. They are not the first celebrities to stand in Justice Phyllis B. Gangel-Jacob's courtroom, arguing about their pasts and the future. Standing before the same op-art blue walls, Donald Trump was divorced from Ivana Trump.

Justice Gangel-Jacob granted Mrs. Boesky's request for a divorce last month on grounds of "cruel and inhuman treatment." Now the Boeskys are arguing about how to divide her assets, estimated at \$100 million.

Mr. Boesky, who says he has no money, maintains that she is "rich beyond her imagination." He also says he is entitled to half, even though some of the money came from his illegal dealings. Last year, Mr. Boesky asked the judge for \$20,000 a week in "interim financial support." He said he was barely getting by while Mrs. Boesky spent \$42,000 a month. Lawyers decline to discuss details.

In testimony, the Boeskys sound like many other recently divorced couples, except that the numbers are a lot larger. There is the \$2.4 million house in La Jolla, California, a \$750,000 condominium in Hawaii and a \$427,000 property in Fishkill, New York. "My husband was a rat," Mrs. Boesky declared before bursting into tears. "He's settled, he's fine. I'm the one holding the bag, the one who's never done anything."

Mrs. Boesky testified that when she married Mr. Boesky, she had \$100,000 in cash, along with some art and jewelry. She also had stock in the family-owned Beverly Hills Hotel, which was sold in 1986 for \$15 million.

And there is the art collection. Nancy Whyte, head of Impressionist and modern art at Christie's, testified about three Rodins, two Degases, a Bonnard, a Dufy, a Giacometti and a Renoir. Ms. Whyte's advice was to hold on to the collection. It was a bad time to sell, she said, with the art market depressed. Besides, the Boesky name, which once had the power to send stock prices soaring, might now have the opposite effect.

Mrs. Boesky testified that she learned her husband was in trouble not from him but from one of his aides, Houshang Wekili. She said Mr. Wekili told her he had a matter of "extreme importance" to discuss, and the two went for a walk. "On that walk," she said, "I do recall my heart beginning to palpitate. I was receiving information of a shocking nature."

Speaking of her husband, she said: "I don't remember that he ever described the crime. He probably said insider trading. I do remember he said he'd considered lots of options, including leaving the country, but he couldn't live a life on the run. We talked about damage control. We talked about what to tell the children."

She still has not escaped the shadow of her husband's ignominy, she said.

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Paris Opéra: The Balanchine Debt

By David Stevens
International Herald Tribune

PARIS — George Balanchine died 10 years ago last Friday, and the anniversary is not going unnoticed. In New York, City Ballet has just begun an eight-week season devoted to 73 of Mr. B's works. After New York, Paris is surely the most important city in Balanchine land — albeit a distant runner-up.

In the late '20s he was Diaghilev's last ballet master. In 1947, he created "Palais de Cristal" for the Paris Opéra Ballet, which later, without Léonor Fini's elaborate sets, became the indestructible "Symphony in C." In the early '70s, Rolf Liebermann had him create ballets for Gluck's "Orpheus et Eurydice" and Goethe's "Faust" that later joined his dance repertory.

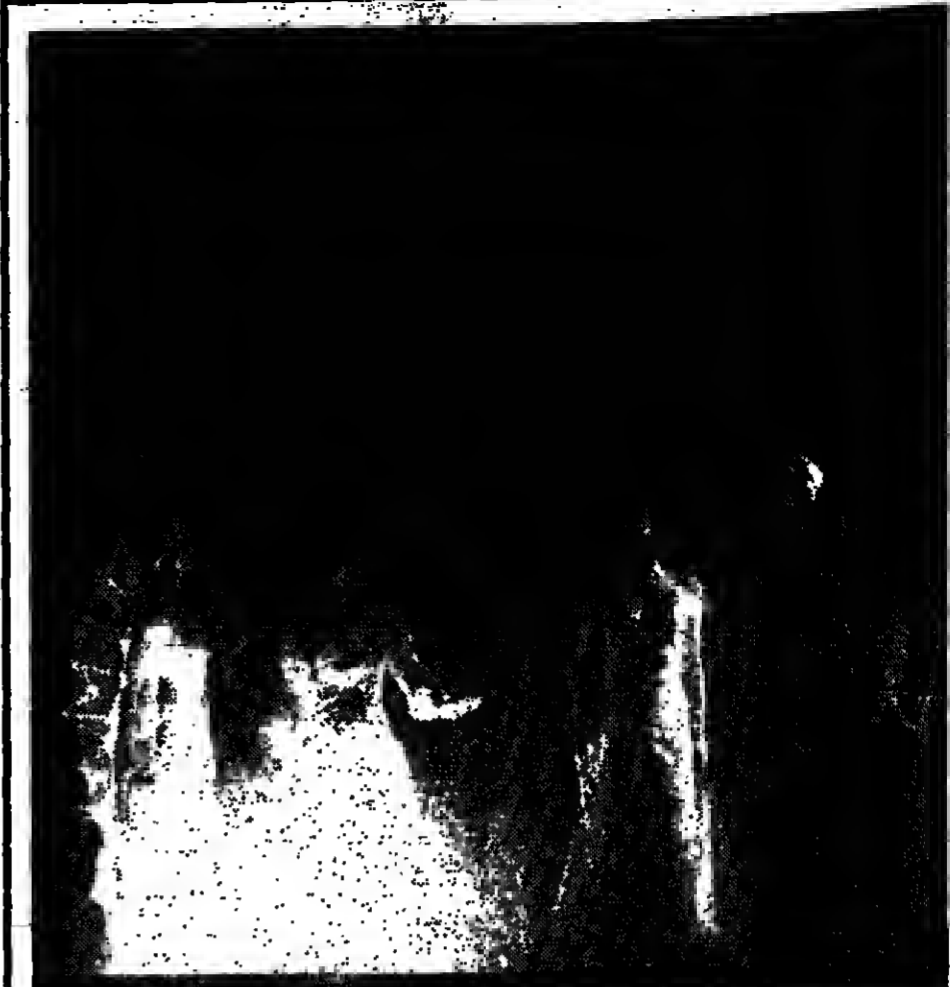
He twice seemed on the verge of becoming the Paris Opéra's ballet director, but fate — mostly in the form of Serge Lifar — decreed otherwise. But the company now has 24 Balanchine ballets in its repertory and it will add another, the 1947 "Theme and Variations" (Tchaikovsky), in its Balanchine/Robbins program in late June and early July.

Meanwhile, the company is giving an all-Balanchine program of four ballets, ranging in time from "Prodigal Son," his last ballet for Diaghilev in 1929, to the 1975 "Trigance," plus two ensemble classics from the '40s, "Concerto Barocco" and "The Four Temperaments."

Seeing these works at the Palais Garnier is a useful reminder that Balanchine's style encompassed both what he created at the New York City Ballet and what he found well established at the Paris Opéra. The Paris dancers do not have the speed, the long legs or the precise embonpoint of the New Yorkers, but bring their own relatively soft lyricism and elegance to the same works.

A stern note in the program reminds everyone that the three ballets are given with the advice and consent of the George Balanchine Trust. Specifically, they have been mounted under the authoritative supervision of Suzanne Farrell and John Clifford. That said, the company was in good form. In particular Isabelle Guéin and Jean-Yves Lormeau gave an elegant account of "Trigance." Charles Jude was dramatically potent as the prodigal son, with Françoise Legtée as the erotically acrobatic courtesan, and all three, with Nathalie Riqué and Carole Arbo, helped to make "Four Temperaments" seem apt.

A Balanchine evening is also a musical evening, and the Opéra's



The final scene of Bartók's "Bluebeard's Castle" at the Théâtre de Châtelet in Paris.

orchestra distinguished itself under Jonathan Darrington. The outstanding soloists were the violinists Alain Konzetoff and Frederick Laroque in the Bach Concerto for two violins ("Concerto Barocco"), and Hervé Le Floch in Ravel's "Trigance" and the pianist Jean-Yves Sébillotte in Hindemith's "Four Temperaments."

A measure of what 20th century music owes Balanchine is that Diaghilev commissioned "Prodigal Son" from Prokofiev, and Balanchine paid Hindemith \$500 on his own pocket for "Four Temperaments."

BARTÓK'S "Bluebeard's Castle" can be added to the list of 20th-century operatic works that have been done ample justice at the Théâtre du Châtelet. Stéphane Braunschweig's staging had the virtue of not trying to do too much,

with Bernard Michel's laser lighting suggesting the seven fatal doors that Judith insists on opening.

This left the way clear for the music to take its place as the real dramatic-musical motor. The Orchestre National de France under its music director Charles Dutoit supplied the rich orchestral colors with a subtlety and polish that hinted at Debussy.

Eva Marton might be considered too much the prima donna for this self-effacing role, but the sheer vocal weight and dramatic force she brought to Judith was balanced by Csaba Ajzner's somber bass and towering presence as Bluebeard.

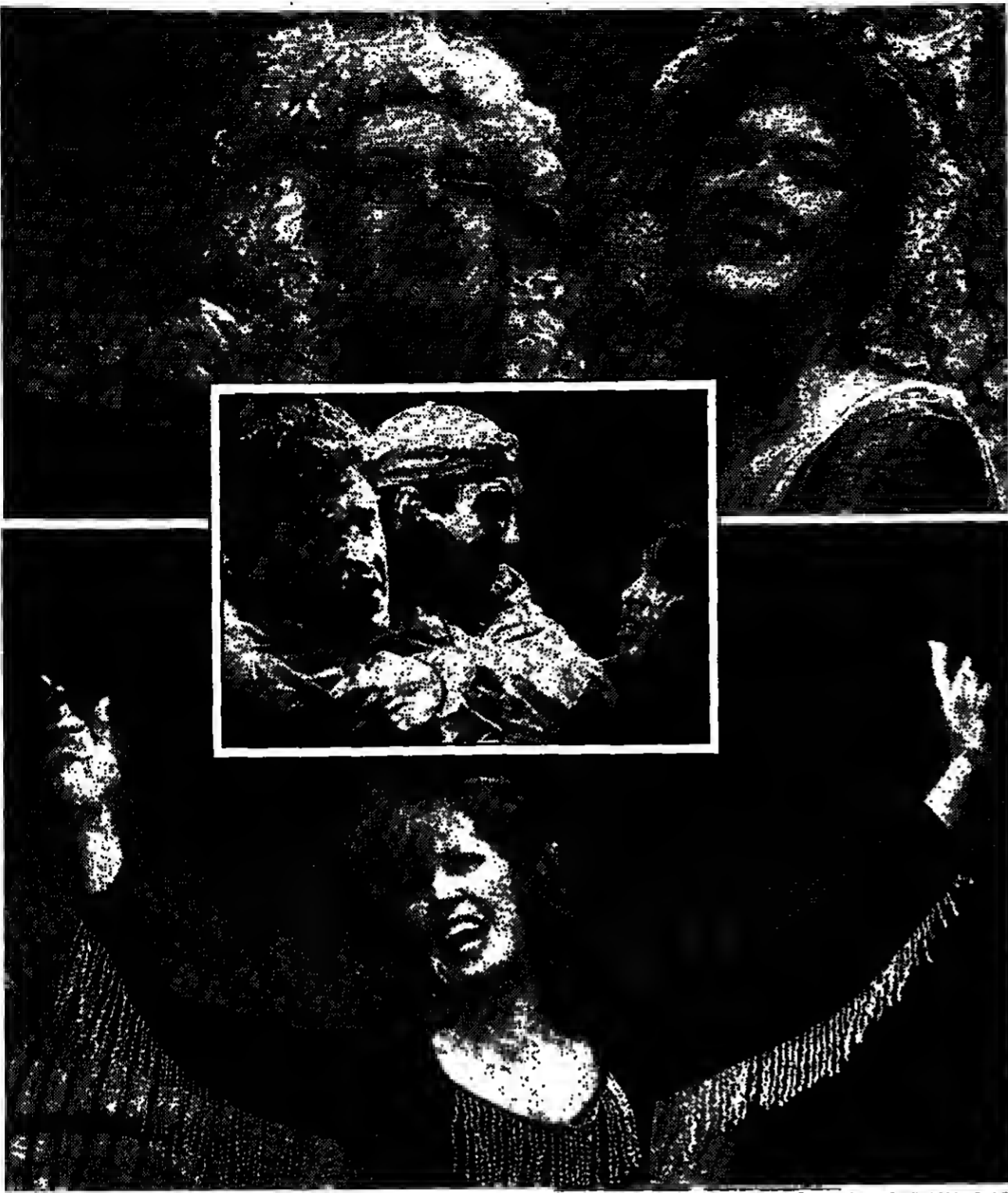
It seems hard to believe that the late romantic effusions of Richard Strauss' "Die Aegyptische Helena" came a good decade after the compact modernism of "Bluebeard," but they did. Hoffmannsthal's libretto, his next to last for Strauss, is an elaborate and exotic explanation of

how Menelaus was able to resume a happy married life with Helen after the trauma of the Trojan war.

The effulgent score does not have the same distinction as some of the earlier works in the same vein, but it has its moments. One of them is the "Zweite Brautnacht" scene that opens the second act and Anna Tomowa-Sintow was a heroic form for this in the title role.

Others in the first-rank cast were Siegmund Nimsgern as Aithra, Ing Nielsen as Aithra, Klaus König, Menelaus, Anne Gjevang as the all-knowing seashell and David Riddell in Da-ud's brief lines. Mard Janowski and his Orchestre Philharmonique carried the proceedings forth on impressive waves of Straussian sound.

The concert performance at Salle Pleyel will be followed by staged performances (May 8, and 13) at the new Megaron Concert Hall in Athens.



Top, Martyn Ellis and Josie Lawrence in "Moll Flanders" and Jacob Abraham in "On the Ledge"; bottom, Deborah Norton in a scene from "Cracks"; center, from left, Gary Olsen, Mark McGarr and Jacob Abraham in "On the Ledge"; bottom, Deborah Norton in a scene from "Cracks."

'On the Ledge' Finishes in a Fall

By Sheridan Morley
International Herald Tribune

LONDON — In the National Theatre program for Alan Bleasdale's new comedy "On the Ledge" (at the Lyttelton), there's an unusually revealing, and for that reason hugely welcome, backstage note by Paul Allen detailing the eight-year birth pangs of the piece and establishing that the National Theatre's artistic director had grave doubts about several of the earlier drafts.

He was right to have them, wrong to have allowed a workshop staging a year or so ago and the promise of a co-production with Nottingham Playhouse change his mind. For in National terms, "On the Ledge" is really not good enough. Bleasdale is a hugely impressive television writer ("GBH," "Boys From the Blackstuff") but apart from an Elvis biography ("Are You Lonesome Tonight?"), his stage work has always been as shaky as his sense of drama.

So what we get here is the window ledge of a derelict Liverpool tower block, on which are assembled a cross section of the usual Bleasdale stock company (the shifty tycoon in cahoots with the local council, the abandoned wife, the job-seeking lads and the original visiting fireman), all there to sound off on his usual themes of social and political and architectural injustice without the faintest notion of how to turn themselves into an actual play.

There can be no doubting the power of Bleasdale's writing, nor the strength of his rage at the dying of the old socialist ideals and principles as new-town realities have overtaken the old council-house certainties. But his inability to build any of this to a coherent climax, and his willingness to drift down any tangent where any one of his characters might have anything even relevant to say, hopelessly weakens what

ever precarious structure he had begun to erect behind the scaffolding.

In Robin Lefevre's increasingly desperate, stop-go production, Jimmy Mulville and Gary Olsen grab such opportunities as the dialogue allows them, while the play itself notably vanishes into its own oratorical flourishes.

On balance, the very early work of a now-distinguished dramatist is usually best left to students and drama teachers, but at the King's Head, Martin Sherman's "Cracks" is the joyous rediscovery of an early thing.

Sherman is now best known for "Bent" and "When She Danced," the Isadora stage biography, but 20 years ago "Cracks" was the play that made his name when it was first "workshopped" with Meryl Streep at one of those theatrical summer camps so beloved of American producers who can never quite decide whether to do a play or not. This one was, in fact, then done off-Broadway, but with all its laughs removed by a producer who soon went to prison for fraud, a not unusual progression as Sherman notes in the new program.

"Cracks" thus opened to some of the worst reviews since Paul Harbo and seems to have lasted about as long, but it has now been unearthed by Tim Lincecum for the King's Head and emerges as a wildly rambunctious comic thriller of considerable delight.

True, it owes more than a little to Agatha Christie on speed: At the outset, an Andy Warhol-esque party giver is shot to death by one of his guests, each of whom then equally mysteriously dies. Before they go, each gives a kind of confessional in which we discover their true awfulness but no clue as to their killer. But the flower children are allowed to send themselves sky-high in a merciless parody of such familiar

stereotypes as the already over-the-hill star (Deborah Norton) and Jane Garnett as the loony self-analyser.

At the Lyric Hammersmith, "Moll Flanders" is a welcome return to a whole genre of low-budget, local musicals from classic texts which we have not seen since the long-lost Mermaid years of the late 1950s when shows like "Lock Up Your Daughters" and "Virtue in Danger" were all around.

Since then the British stage musical seems to have gone either very big or very small, losing that Joan Littlewood/Lionel Bart immediacy that is here recaptured in a score brilliantly plundered from "The Beggar's Opera" by George Stiles and Paul Lehgh. The book by Claire Luckham follows the "Oliver!" tradition, filleting the Daniel Defoe original for a series of sequential adventures and mishaps befalling the title character as she rumpages through life, a female Tom Jones forever bedding her elders and betters.

In short, there's a raw energy here, coupled to a well-timed tale that has never failed in 300 years: acknowledging at the outset that "a single woman in this society is as useful as a single shoe in a wardrobe," Moll goes her merry way to the gallows by way of incest, betrayal, the Atlantic Ocean and, at one inadvertent moment, marriage to one of her own brothers.

Peter James's low-budget production has tremendous energy and is built around a feisty title-role performance by Josie Lawrence. This show has been around in summer and regional theaters for almost a decade, but they seem at last to have found its true form as well as a versatile and powerful supporting cast led by Clare Burt and Peter Woodward. If there were any justice, which as Moll soon discovers there isn't, her marriage would soon be on transfer to a long West End run.

Balzac's 'Faiseur': The Crowd Pleaser

By Thomas Quinn Curtiss
International Herald Tribune

PARIS — The most enduring of Honoré de Balzac's plays is "Le Faiseur" ("The Show-Off"). It is a new production designed by Jean-Paul Roussillon and decorated by André Acquart's sets and costumes at the Comédie-Française.

It had its premiere in 1851, a year after its author's death.

Balzac's portrait of the central figure, Mercadet, an irrepressible speculator who lures the unwary to invest in his get-rich-quick enterprises, has kept the play brilliantly alive.

Audiences delight in his enormities and escapades, accepting him as an engaging rogue. They love the stock characters in the cast satirizing Parisians of the era: The worried wife who begs that her husband to cease his tricky trade, the innocent maiden, the modest boy who inherits a fortune, the wealthy nobleman who is unmasked as an impostor without a sou or a title, the sharks of the money market whom Mercadet fleeces and the loyal, unpaid servants.

A FEW years ago the Comédien was on the block for demolition, but the French government bought it as a cultural shrine, declaring it a national playhouse under the auspices of the Comédie-Française. Remodeled and refurbished, it has opened its long-closed doors to the public to present two plays by Nathalie Sarraute, the Russian-born esoteric novelist. The Sarraute plays are "Le silence" and "Elle est là."

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# NASDAQ


**Tuesday's Prices**  
 NASDAQ prices as of 4 p.m. New York time. This list, compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

12-Month High	12-Month Low	Stock	Div	Yld	PE	High	Low	Latest	Chg	12-Month High	12-Month Low	Stock	Div	Yld	PE	High	Low	Latest	Chg
100	80	Alcatel	0.00	0.00	15.0	100	80	95	+15	100	80	Alcatel	0.00	0.00	15.0	100	80	95	+15
120	100	Amgen	0.00	0.00	15.0	120	100	110	+10	120	100	Amgen	0.00	0.00	15.0	120	100	110	+10
150	130	Boeing	0.00	0.00	15.0	150	130	140	+10	150	130	Boeing	0.00	0.00	15.0	150	130	140	+10
200	180	IBM	0.00	0.00	15.0	200	180	190	+10	200	180	IBM	0.00	0.00	15.0	200	180	190	+10
250	230	Microsoft	0.00	0.00	15.0	250	230	240	+10	250	230	Microsoft	0.00	0.00	15.0	250	230	240	+10
300	280	Oracle	0.00	0.00	15.0	300	280	290	+10	300	280	Oracle	0.00	0.00	15.0	300	280	290	+10
350	330	Sun	0.00	0.00	15.0	350	330	340	+10	350	330	Sun	0.00	0.00	15.0	350	330	340	+10
400	380	Verizon	0.00	0.00	15.0	400	380	390	+10	400	380	Verizon	0.00	0.00	15.0	400	380	390	+10
450	430	WorldCom	0.00	0.00	15.0	450	430	440	+10	450	430	WorldCom	0.00	0.00	15.0	450	430	440	+10
500	480	Eastman	0.00	0.00	15.0	500	480	490	+10	500	480	Eastman	0.00	0.00	15.0	500	480	490	+10
550	530	Genentech	0.00	0.00	15.0	550	530	540	+10	550	530	Genentech	0.00	0.00	15.0	550	530	540	+10
600	580	Novartis	0.00	0.00	15.0	600	580	590	+10	600	580	Novartis	0.00	0.00	15.0	600	580	590	+10
650	630	Amgen	0.00	0.00	15.0	650	630	640	+10	650	630	Amgen	0.00	0.00	15.0	650	630	640	+10
700	680	Amgen	0.00	0.00	15.0	700	680	690	+10	700	680	Amgen	0.00	0.00	15.0	700	680	690	+10
750	730	Amgen	0.00	0.00	15.0	750	730	740	+10	750	730	Amgen	0.00	0.00	15.0	750	730	740	+10
800	780	Amgen	0.00	0.00	15.0	800	780	790	+10	800	780	Amgen	0.00	0.00	15.0	800	780	790	+10
850	830	Amgen	0.00	0.00	15.0	850	830	840	+10	850	830	Amgen	0.00	0.00	15.0	850	830	840	+10
900	880	Amgen	0.00	0.00	15.0	900	880	890	+10	900	880	Amgen	0.00	0.00	15.0	900	880	890	+10
950	930	Amgen	0.00	0.00	15.0	950	930	940	+10	950	930	Amgen	0.00	0.00	15.0	950	930	940	+10
1000	980	Amgen	0.00	0.00	15.0	1000	980	990	+10	1000	980	Amgen	0.00	0.00	15.0	1000	980	990	+10


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# NYSE

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month High	12 Month Low	12 Month Open	12 Month Close	12 Month High	12 Month Low	12 Month Open	12 Month Close
100	90	95	98	105	95	100	102
110	100	105	108	115	105	110	112
120	110	115	118	125	115	120	122
130	120	125	128	135	125	130	132
140	130	135	138	145	135	140	142
150	140	145	148	155	145	150	152
160	150	155	158	165	155	160	162
170	160	165	168	175	165	170	172
180	170	175	178	185	175	180	182
190	180	185	188	195	185	190	192
200	190	195	198	205	195	200	202
210	200	205	208	215	205	210	212
220	210	215	218	225	215	220	222
230	220	225	228	235	225	230	232
240	230	235	238	245	235	240	242
250	240	245	248	255	245	250	252
260	250	255	258	265	255	260	262
270	260	265	268	275	265	270	272
280	270	275	278	285	275	280	282
290	280	285	288	295	285	290	292
300	290	295	298	305	295	300	302
310	300	305	308	315	305	310	312
320	310	315	318	325	315	320	322
330	320	325	328	335	325	330	332
340	330	335	338	345	335	340	342
350	340	345	348	355	345	350	352
360	350	355	358	365	355	360	362
370	360	365	368	375	365	370	372
380	370	375	378	385	375	380	382
390	380	385	388	395	385	390	392
400	390	395	398	405	395	400	402
410	400	405	408	415	405	410	412
420	410	415	418	425	415	420	422
430	420	425	428	435	425	430	432
440	430	435	438	445	435	440	442
450	440	445	448	455	445	450	452
460	450	455	458	465	455	460	462
470	460	465	468	475	465	470	472
480	470	475	478	485	475	480	482
490	480	485	488	495	485	490	492
500	490	495	498	505	495	500	502
510	500	505	508	515	505	510	512
520	510	515	518	525	515	520	522
530	520	525	528	535	525	530	532
540	530	535	538	545	535	540	542
550	540	545	548	555	545	550	552
560	550	555	558	565	555	560	562
570	560	565	568	575	565	570	572
580	570	575	578	585	575	580	582
590	580	585	588	595	585	590	592
600	590	595	598	605	595	600	602
610	600	605	608	615	605	610	612
620	610	615	618	625	615	620	622
630	620	625	628	635	625	630	632
640	630	635	638	645	635	640	642
650	640	645	648	655	645	650	652
660	650	655	658	665	655	660	662
670	660	665	668	675	665	670	672
680	670	675	678	685	675	680	682
690	680	685	688	695	685	690	692
700	690	695	698	705	695	700	702
710	700	705	708	715	705	710	712
720	710	715	718	725	715	720	722
730	720	725	728	735	725	730	732
740	730	735	738	745	735	740	742
750	740	745	748	755	745	750	752
760	750	755	758	765	755	760	762
770	760	765	768	775	765	770	772
780	770	775	778	785	775	780	782
790	780	785	788	795	785	790	792
800	790	795	798	805	795	800	802
810	800	805	808	815	805	810	812
820	810	815	818	825	815	820	822
830	820	825	828	835	825	830	832
840	830	835	838	845	835	840	842
850	840	845	848	855	845	850	852
860	850	855	858	865	855	860	862
870	860	865	868	875	865	870	872
880	870	875	878	885	875	880	882
890	880	885	888	895	885	890	892
900	890	895	898	905	895	900	902
910	900	905	908	915	905	910	912
920	910	915	918	925	915	920	922
930	920	925	928	935	925	930	932
940	930	935	938	945	935	940	942
950	940	945	948	955	945	950	952
960	950	955	958	965	955	960	962
970	960	965	968	975	965	970	972
980	970	975	978	985	975	980	982
990	980	985	988	995	985	990	992
1000	990	995	998	1005	995	1000	1002

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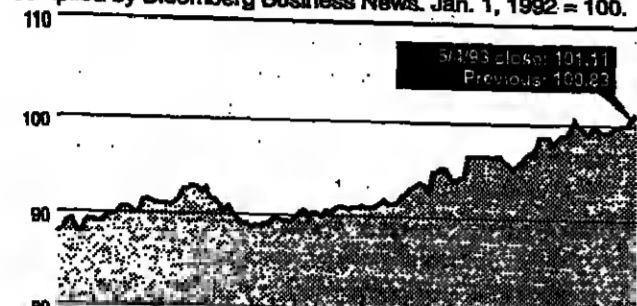
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## THE TRIB INDEX 101.11

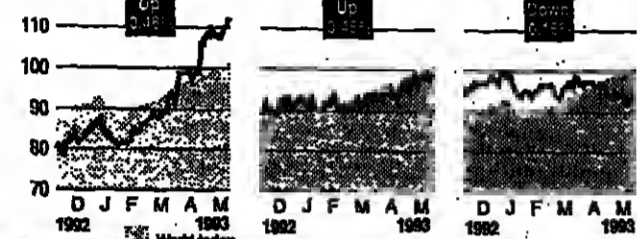
International Herald Tribune World Stock Index of 230 internationally investable stocks from 20 countries, compiled by Bloomberg Business News. Jan. 1, 1992 = 100.



The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Italy, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden and Switzerland. In the case of Tokyo, New York and London, the index is composed of the 20 top issues in terms of market capitalization. In the remaining 17 countries, the ten top stocks are tracked.

Asia/Pacific Europe N. America  
Approx. weighting: 25% Approx. weighting: 40% Approx. weighting: 35%

Close: 112.25 Prev.: 111.83  
Close: 98.83 Prev.: 98.29  
Close: 93.84 Prev.: 93.59



### Industrial Sectors

Sector	1992	1993	% Change
Energy	101.67	102.13	+0.45
Utilities	112.57	112.06	-0.46
Finance	102.81	102.27	-0.53
Services	110.12	109.40	-0.66
Capital Goods	101.25	101.85	+0.30
New Materials	103.06	103.22	+0.14
Consumer Goods	89.40	89.16	-0.27
Miscellaneous	102.88	102.56	-0.31

For readers desiring more information about the International Herald Tribune World Stock Index, a booklet is available free of charge by writing to: Trib Index, 181 Avenue Charles de Gaulle, 92221 Neuilly Cedex, France.

## MEDIA MARKETS

### Newest Boom in Budapest: English-Language Press

**By Henry Copeland**  
Special to the Herald Tribune  
BUDAPEST — Since 1989, three English-language papers have come out in Prague. In Moscow, one daily paper and five weeklies cater to readers of English. Warsaw, Tallinn, St. Petersburg and Kiev all have expatriate papers. But nowhere in this realm are more column inches published per reader than in Budapest, where four English-language papers now appear weekly and a fifth will hit the stands soon.

The new papers exemplify many of the changes they chronicle — the growing Western presence in Hungary, a maturing advertising market and the competition that can arise in an open economy.

Since the Iron Curtain rusted away in 1989, backpackers, financiers and migrant industrialists have all been arriving in Budapest by the plane-load. Advertisers estimate that there are 40,000 native English-speakers living in Hungary, which has a population of 10.3 million.

Hungarian is considered something of an Everest among linguistic challenges, so "fortunately or unfortunately, a large number of the business decision-makers in Hungary are expats," said Peter Kapusi, one of five media planners at Zenith Media Worldwide in Budapest. There are 13,000 foreign joint ventures in Hungary, and many have non-Hungarian managers. Direct foreign investment in Hungary has totaled nearly \$7.5 billion since 1989, of which the American share is nearly \$4 billion.

Budapest's oldest English-language paper, called the Daily News, is actually a weekly, and both its inappropriate name and its stodgy style are relics of its central-planning origins. Founded in 1965, the eight-page paper is still owned by the government.

The News was the only source of information in English until March 1991, when the 16-page Budapest Week was launched.

In the beginning, selling ads often amounted to giving a seminar on the concept of advertising," said Rick Bruner, 27, the editor of Budapest Week — now a 32-page tabloid with a staff of 25 that distributes 15,000 copies every Thursday. Now, advertisers are more canny, he said, with set budgets and a firm idea of the audience they want to reach.

But the cost of producing a newspaper in Budapest is now comparable to that of doing so in the West, lamented Mike Stone, 40, who launched the Budapest Business Journal in November 1992. The 20-page tabloid is aimed squarely at expatriate business people.

"The only way you can save money here is on staff," Mr. Stone said.

See NEWS, Page 14

## CURRENCY & INTEREST RATES

Cross Rates	May 4	Eurocurrency Deposits	May 4
Amsterdam	1.34	1-Dollar	2.00
Brussels	2.80	3-month	2.00
Frankfurt	1.52	6-month	2.00
London (1)	1.01	1-year	2.00
London (2)	1.01	1-month	2.00
Milano	1.71	3-month	2.00
Paris	1.66	6-month	2.00
New York (1)	1.00	1-year	2.00
New York (2)	1.00	1-month	2.00
Tokyo	1.34	3-month	2.00
Zurich	1.74	6-month	2.00
1 ECU	1.36	1-year	2.00
1 SDR	1.36		

## Key Index Drops 1% In U.S.

### March Fall Worst Since Recession

**WASHINGTON** — The U.S. government's chief economic forecasting gauge plunged 1 percent in March, the worst decline since the middle of the recession more than two years ago, the Commerce Department said Tuesday.

The drop, slightly steeper than predicted by analysts, was a sign of the dramatic slowdown that has gripped the economy this year, compared with a brief period of robust growth late last year.

The decrease was the worst since November 1990. It followed a modest, 0.5 percent increase in February and a slight 0.1 percent decline in January. In December, at the end of the economy's strongest quarter in five years, the index of leading indicators jumped 1.7 percent, the best in a decade.

President Bill Clinton said he planned no new initiatives in light of the figures, but added, "I wouldn't rule anything out down the road."

"The best thing we can do for the economy this year clearly is to pass a multi-year, deficit-reduction plan because of what it will do to interest rates," he said. "We need to pass that, keep the interest rates down, and see what happens."

Two indicators were positive in March. Stock prices, as measured by the Standard & Poor's 500, rose. The prices of raw materials also gained, a sign of increased demand.

The changes left the index at a seasonally adjusted 152.0, up 2.8 percent from a year ago and down 0.6 percent from three months ago.

Separately, U.S. carmakers reported that sales of North American-made cars in late April rose to an estimated annual rate of 6.9 million, fueled by stronger-than-expected sales from General Motors, to close out the industry's best month since October 1990.

U.S. automakers sold an estimated 256,855 domestically built cars in late April, up 8.9 percent from 235,864 cars in the year-earlier period.

(AP, Reuters, Bloomberg)

## World's Leading Ports 1989-1992

Container tonnage in millions

Port	1989	1990	1991	1992
Hankow	292.5	287.8	292.8	293.1
Singapore	174.0	187.8	208.0	238.4
Kobe	167.2	171.4	174.1	189.4
Shanghai	145.0	139.5	145.7	163.0
Shanghai (Maritime)	124.2	126.9	136.6	151.8
Yokohama	119.0	123.8	121.9	122.5
Amoy	95.4	102.3	101.3	103.6
Hong Kong	85.4	89.0	104.5	101.0
Auckland	94.6	91.5	89.3	90.4
Kaohsiung (Taiwan)	78.1	77.0	77.1	79.4
Hankow	57.8	61.4	65.5	66.1

## Rotterdam Bets on the Box In High-Tech Port Gamble

By Jon Henley  
Special to the Herald Tribune

**ROTTERDAM** — An hour's drive from the city center, on the edge of a windswept stretch of reclaimed land, unmanned cranes dip and lift in an eerie robotic dance. Derelict trucks hum purposefully along invisible tracks, collecting and depositing loads seemingly at their own bidding.

This is the Delta terminal, one of the world's biggest and most advanced cargo handling facilities and a high-tech showpiece for Rotterdam, the world's largest port. Far from the muddle and sweat traditionally associated with the docks, the longshoremen here are computer-driven.

At the root of this futuristic activity is a simple metal box that has revolutionized the world's transport industry since its introduction 25 years ago: the container. Increasingly, cargoes from American autos to Ivory Coast cocoa beans and Danish bacon are being ferried in uniform boxes.

Rotterdam is playing a high-tech card. It aims to invest 1.50 billion guilders (\$844.9 million) to create eight more terminals like the Delta site by the turn of the century, doubling its current throughput of 3 million containers a year. More than half the cost will probably come from central and local governments.

There is one condition for state support: Container handling in Rotterdam must resemble an old-style state-backed monopoly. As part of a massive port reorganization, the port authority is encouraging com-

## German Talks Turn Bitter as Strike Widens

Compiled by Our Staff From Dispatches

**DRESDEN, Germany** — Talks aimed at ending a controversial strike by metal and shipyard workers in Eastern Germany deteriorated late Tuesday when the IG Metall union threatened to break off negotiations with employers.

The talks, aimed at settling a two-day strike over management's broken promises on pay increases, ran into problems after a few hours.

Hasso Duevel, head of the union negotiators, said the talks could not continue unless comments made by Hans-Joachim Gotschko, president of the metal employers' group, were retracted. Mr. Gotschko had said in Cologne that East German wages could not be raised to match West German wages at a fixed date. He also said employers could not afford to pay raises of more than 9 percent. Both remarks renege on earlier agreements.

"We demand that one item must be removed from the table and that is the Gotschko declaration," Mr. Duevel said. "Otherwise, nothing will go any further. The strike will be expanded."

The strike on Tuesday had already spread to shipyards on the Baltic coast and could engulf all five Eastern states by mid-May if no settlement is reached. A total of 30,000 IG Metall employees and steelworkers were out on strike on Tuesday, almost double Monday's total. A further 5,000 to 8,000 non-members were also out working.

Chancellor Helmut Kohl, meanwhile, appealed to both sides to continue serious negotiations. "I believe everyone responsible involved in the wage dispute in the new states sees that the most important thing has to be creating new jobs and maintaining the existing jobs," Mr. Kohl said in a speech near Leipzig.

Mr. Kohl dropped several passages from his prepared remarks, including a warning that the strike was damaging Eastern Germany's economic recovery and an admonition to workers not to overburden employers.

Savany's premier, Kurt Biedenkopf, managed to bring both sides back to the negotiating table for the first time in four weeks on Tuesday after a four-hour preliminary meeting on Monday.

Heribert Karch, IG Metall's wage expert, emerged from the meeting at one point and said of the Gotschko statement: "It is a great load of manure. It has really caused a lot of difficulties."

On May 12, the union has scheduled demonstrations and protests for its members all across Germany in solidarity with the Eastern workers.

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## Levi's China Move Stirs Concerns

**HONG KONG** — Levi Strauss & Co.'s decision to stay away from China because of its human-rights record is not expected to touch off a mass withdrawal by American business, but some investors could be scared away from China by soaring costs or other problems, economists and businessmen in Hong Kong say.

The announcement Monday by the San Francisco-based maker of jeans and other casual clothing that it had decided against direct investment in China and would reduce its use of contractors there came as a surprise to many business people in Hong Kong.

The president of the American Chamber of Commerce in Hong Kong, Frank Martin, said he did not know of any other member of that group that was planning a similar move.

But China has had political problems in its economic relations with the United States since 1989, when Chinese troops massacred pro-democracy demonstrators in Beijing. China's access to its biggest export market has been in frequent danger since then as the U.S. Congress has tried to deny most-favored-nation trading status to Beijing.

That status will come up for review again in Washington over the next month, and President Bill Clinton is under pressure from Democrats in the Congress to link its renewal to Chinese policies on human rights, arms sales and trade. Its loss would mean high tariffs on Chinese goods, making many of them non-competitive.

Even if that status is renewed, the recent flood of foreign investment has already heated up the economy enough to put in danger one of China's main business attractions: its low costs.

The problems are most acute in the coastal strip adjoining Hong Kong and facing Taiwan. Land prices and building costs have rocketed, and double-digit inflation rates have pushed up pay demands.

Ian Perkin, chief economist at the Hong Kong General Chamber of Commerce, said wages in southern China rose 14 percent last year. Last month, workers at a factory owned by the Japanese camera concern Canon struck to demand raises of 30 percent to 50 percent.

New potential rivals to China are appearing, Mr. Martin said. Some American companies were already considering moving production to Vietnam if the United States drops its trade embargo against Hanoi.

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Attention: if it comes to food is an omnivore to eat, in

MARKET DIARY

Small Shares Soar While Dow Falts

Compiled by Our Staff From Dispatches NEW YORK — Investors turned their attention to small stocks Tuesday, as technology and cable-television issues were favored over blue-chip issues.

N.Y. Stocks

sured 11.45, to 678.16, and the American Stock Exchange index rose 2.55, to 434.76. Most broad-market averages posted small gains. Bond prices rose for the second straight day on signs of economic weakness. But while falling yields have provided an impetus for stock purchases in recent weeks, the large-capitalization issues did not derive much benefit Tuesday.

"Interest rates have been the focus for two years now," said Alfred Goldman, director of technical research at A.G. Edwards. "My sense is that we're moving away from that. The focus is becoming the outlook for corporate earnings."

The bond market's bellwether, the 30-year Treasury issue, rose 26/32, to 104 4/32. Its yield fell to 6.80 percent from 6.85 percent on Monday. The government's index of leading economic indicators for March fell 1 percent.

With the weak economic outlook weighing on stocks in companies that depend on growth, small issues and special situations were the focus of the equity market's attention. Initial impressions of a 450-page document from the Federal Com-

munications Commission were that new cable-industry rules would not cut rates charged by monopolies as much had been feared.

Tele-Communications was a notable gainer, rising 2 1/2 to 21 1/2, and Time added 3/4 to 36 1/4. A television report said the investor Warren Buffett was accumulating Time shares.

Wal-Mart was the most-active issue on the New York Stock Exchange, rising 1/2 to 26 1/4. It placed first on a list of value created for shareholders in the first quarter.

Readers Digest shares were sharply lower after the company said earnings rose to 80 cents a share from 75 cents. Analysts had been expecting profit of 83 cents. Class A shares plunged 6 to 40 1/4 while class B lost 5 1/2, ending at 38 1/4.

Xtra Corp. plunged 6 1/4 to 9 1/4 despite reporting its profit rose to 39 cents a share in the first quarter from 33 cents a year earlier. An executive of the container-leasing company said investors might not have understood the earnings were adjusted for a two-for-one stock split. Xtra dragged the Dow transportation average to a loss of 14.50 points, which put it at 1,593.04.

Intel climbed 4 1/2 to 101 1/2 and Microsoft added 1 1/2 to 88. The companies, allied in several pursuits, announced a standard interface to link computers with telephones.

3DO, which is developing an interactive multimedia system, ended at 20 1/4, after its initial public offering at 15. The company is backed by some of the top biggest media companies, including Time. (Bloomberg, UPI, Knight-Ridder, Reuters)

Fears for U.S. Recovery Drag the Dollar Lower

NEW YORK — A gloomy U.S. economic report sent the dollar lower Tuesday but positive auto and retail sales helped the currency recoup some of its losses.

The dollar fell half a penny from late Monday, finishing at 1.5745 Deutsche marks, down from 1.5795 DM on Monday. It also fell to 110.25 yen from 110.75 yen.

"U.S. economic weakness weighed on the dollar," said Army Smith, market strategist at IDEA, an economic consulting firm. The dollar has tumbled 3.5 percent against the mark since early March as the U.S. recovery has showed signs of waning.

Economic weakness was underlined Tuesday after the Commerce Department said its index of leading economic indicators for March dropped 1 percent, the largest decline since November 1990.

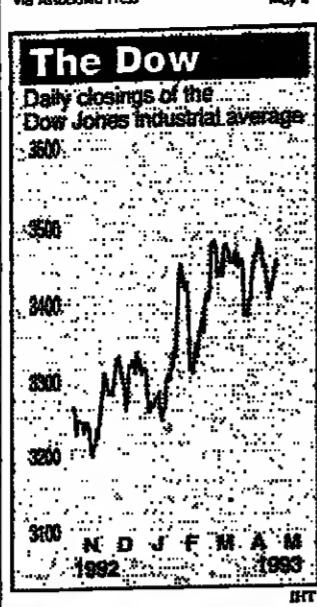
The dollar rose from its lows later in the day after General Motors, Ford and Chrysler all posted record auto sales in late April. A report showing healthy retail sales gains last month also helped the dollar, traders said.

Still, many traders were reluctant to bid the dollar higher until they got confirmation of economic improvement. The attention focused on April's economic numbers is especially high because March's figures were skewed by bad weather.

"We're going to find out what the economy is really made of this month," said Thomas Benfer, senior market representative at the Bank of Montreal.

The U.S. currency was also lower against the Swiss franc, closing at 1.4195 francs, down from 1.4280 francs, and at 5.3085 French francs, down from 5.3215. The pound firmed to 1.5745 from 1.5795.

In London, the dollar slipped to 1.5720 DM from 1.5855 DM on Friday, before a holiday weekend. The dollar also rose down to 110.30 yen from 110.93 yen.



The Dow Jones Industrial Average

Table with columns: Vol., High, Low, Last, Chg. for NYSE Most Active stocks.

Table with columns: Vol., High, Low, Last, Chg. for AMEX Most Active stocks.

Table with columns: Vol., High, Low, Last, Chg. for NASDAQ Most Active stocks.

Table with columns: Vol., High, Low, Last, Chg. for NYSE Diary.

Table with columns: Vol., High, Low, Last, Chg. for AMEX Diary.

Table with columns: Vol., High, Low, Last, Chg. for NASDAQ Diary.

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U.S. / AT THE CLOSE

Kantor Aims for July Accord on GATT

WASHINGTON (NYT) — The top U.S. trade official said Tuesday that the administration hoped to complete by early July a tentative agreement reducing tariffs and eliminating quotas around the world, an ambitious move that could complicate efforts to push the North American Free Trade Agreement through Congress.

Inquiry Delays Rollwagen Decision

WASHINGTON (NYT) — The appointment of John A. Rollwagen, the man President Bill Clinton has selected to be a key architect of federal technology policy, has been delayed because of a lingering inquiry over insider trading.

Merrill Suspends 3 Bond Officials

NEW YORK (Bloomberg) — Merrill Lynch & Co. said Tuesday it had suspended three top municipal bond officials who were involved in \$2.9 billion of New Jersey Turnpike Authority bond sales, now under federal investigation.

Central & South West, El Paso Link

DALLAS (Bloomberg) — Central & South West Corp. agreed Tuesday to acquire the bankrupt El Paso Electric Co. in a \$2.1 billion deal that culminates four months of negotiations.

FDIC Fund Posts \$6.9 Billion Net

WASHINGTON (Knight-Ridder) — An improving economy and favorable interest rates helped the Federal Deposit Insurance Corp.'s insurance fund post net earnings of \$6.9 billion in 1992, the FDIC said Tuesday.

NEWS: Budapest's English Boom

(Continued from first finance page) chais, 36. The Sun, launched in February, has just increased its size from 16 to 20 pages.

But Budapest Media Kft., which owns Budapest Week, will counter-attack this month with a broad-sheet, the Hungarian Times, that will provide a "more conservative" alternative to the week's "fairly young view of the news," said Budapest Media's managing director, Tim Randall.

U.S. FUTURES

Table: U.S. FUTURES. Columns: Open, High, Low, Close, Chg.

Table: U.S. FUTURES. Columns: Open, High, Low, Close, Chg.

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Market Closed

The stock market in Tokyo was closed Tuesday for a holiday.

Toronto

Table: Toronto. Columns: High, Low, Close, Chg.

Zurich

Table: Zurich. Columns: High, Low, Close, Chg.

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# Stuck on Technicalities Glitches Beset Prague Stock Exchange

**Prague** — The Prague Stock Exchange, the third bourse to open in the former Soviet bloc, is having what officials call technical problems.

Only one company has applied to have its stock listed.

The government's voucher program for privatizations has been delayed.

The exchange has only a dozen phone lines. "We've completed a huge job in a very short time," said Petr Svoboda, chief of trading. "That's why we have some technical problems that maybe we underestimated from the start."

The Stock Exchange Prague company was founded in November by 12 Czech and Slovak financial institutions and five brokerage firms. It opened April 6, trading weekly, and now has 54 members, including 20 shareholders. The first day's trading volume reached 4.04 million koruny (\$142,000), it grew to 13.44 million koruny the second session before falling at the third. The fourth session, on Tuesday, had volume of 16.1 million koruny.

The stock exchange's main achievement is the trading system itself. Last year, the Czech government signed a contract with the French government for Paris Bourse advisers to help establish the Prague exchange. The French group helped set up the system at the Warsaw exchange, which along with Budapest predated Prague among the modern East European bourses.

"The system used here in Prague is the same used before in the Lyon Stock Exchange in France," said Lionel Cimca, one of the French advisers. "From a technical point of view, the system is powerful."

As modern as it is, the exchange still has only about a dozen phone lines, a result of central Prague's overloaded telecommunications system. Mr. Svoboda said more had been promised.

The high-tech system was not designed for complications brought on by the division of Czechoslovakia. The stock exchange was set up to have "CZ" codes on every security, and the French-made software allows only one letter code per security.

But the nearly 1,000 former state-owned Czech companies whose shares were sold last year under

former Czechoslovakia's voucher privatization program all have codes beginning with "CS."

The exchange has asked the French team to redesign the software to allow two letter codes for the shares of former Czechoslovakia, Mr. Svoboda said. So far all the trading has been in bonds, which are using the "CS" codes.

Perhaps more discouraging for exchange officials is the problem of getting securities listed.

During the first three sessions, only seven securities, mostly government and corporate bonds, were offered for trading. The Ministry of Finance's 14.6 percent four-year bond was listed at the exchange's fourth trading session Tuesday.

Even when companies want to have the shares or bonds traded, they are not always suitable.

One corporation, for instance, recently proposed a 250 million koruny bond issue, traded in denominations of 500,000 koruny. The company, Mr. Svoboda said, wanted only 50 holders. It did not realize such a high nominal value would make its bonds difficult to trade.

Furthermore, issuers have not grasped the importance of meeting listing criteria. Under the requirements, an issue must be at least 100 million koruny. The issuer must have a prospectus, government approval and a public notice and later provide the exchange with regular financial information.

The exchange said it takes as long as 60 days to approve a new listing. So far, only one company has applied to list its shares, exchange officials said.

Mr. Svoboda said: "Our market is just beginning. We don't have securities listed because issuers didn't understand how valuable it is to be listed."

Of course, there is no point for a company to be listed if it has no shares to trade.

At the end of March, the Czech government announced it would withhold shares bought by Slovak investors in nearly 1,000 Czech companies that took part in the privatization program. Czech officials said the move was meant to pressure the Slovak government into a quick settlement of remaining property disputes, but the decision effectively delayed the distribution of all new Czech company shares as privatization officials were unable to sort shareholders by nationality.

# Aid in Spain and Italy Delays EC Steel Restructuring Plan

**Brussels** — The success of the European Community's bid to restructure its ailing steel industry could hinge on efforts to control public subsidies in Italy and Spain, EC officials said Tuesday.

Competition Commissioner Karel Van Miert warned a meeting of EC industry ministers that private-sector steelmakers would delay participation in the plan as long as state-owned steelworks held out for preferential treatment.

The ministers agreed to put off until at least July any decisions on government subsidies for the steelmakers warned that restructuring plans for steel companies in Germany, Italy and Spain must include steeper cuts in capacity to win approval.

EC steelmakers are being asked to lay off around 70,000 workers by the end of next year and cut production capacity by around 20 percent in response to a steel glut and falling prices.

Italy and Spain are under pressure to include bigger cuts in capacity in their restructuring plans for their state-owned industries so they fall into line with an EC rescue plan. But Mr. Van Miert said both countries had complained that they had received unfair treatment, diplomats and officials said.

Spain said it would be shouldering a large share of the plant closures envisaged across the Community and complained about the "aggressive attitude" of private steelmakers toward its restructuring plans, one official said.

Economic Minister Günther Rexrodt of Germany told reporters both the Italian and Spanish plans were insufficient and that Italy es-

pecially had given no clear indication of how much it would reduce capacity.

Mr. Van Miert said Italy would have to make cuts of 3 million metric tons to justify the state aid it was providing to ILVA SpA, but was not promising any cuts whatsoever.

But other countries, including Britain and the Netherlands, said the Community must take a tough line in such cases. "If we don't deal with that, we risk undermining the whole program," said the British

industry minister, Tim Sainsbury.

He said the EC might end up with its least efficient producers surviving the shakeout if governments were allowed to continue propping up unprofitable companies.

The EC rescue plan would provide financial and other support to the steel industry in exchange for plant closures. "Private industry will only cross the bridge if they know what is happening to state aid," Mr. Van Miert told reporters.

(Reuters, AFP, AP)

# Washington Urges EC To Ratify Oilseed Pact

**Brussels** — The United States urged the European Community on Tuesday to overcome French objections and quickly approve a five-month-old accord that sets strict limits on the production of oilseeds.

"I think that enough time has passed to implement the agreement," the U.S. agriculture secretary, Mike Espy, said after meeting his EC counterpart, René Steichen. "As each day passes, there is growing concern that it won't be implemented," he said at a news conference.

Mr. Espy said U.S. farmers were increasingly impatient and had doubts about the Community's commitment to the deal. He warned that they could try to pressure the government into

imposing retaliatory sanctions. But he added the U.S. administration was not planning any immediate action on sanctions.

Mr. Steichen told reporters earlier he sought to reassure Mr. Espy that the Community would approve the oilseeds agreement shortly.

He said neither side asked to reopen the arrangement. "It's definite," he said. "It's final."

Mr. Steichen said he would press the Community to approve France on the issue and sign the oilseeds deal by June.

He said the Community had a "moral duty" to accept the oilseeds deal.

France could invoke its privilege to veto any deal considered harmful to its national interests.

(AP, AFP)

Investor's Europe			
Country	Index	Change	High/Low
London	FTSE 100	+1.25	2,812.50 / 2,812.50
Paris	CAC 40	+1.25	3,250.00 / 3,250.00
Frankfurt	DAX	+1.25	2,812.50 / 2,812.50
Amsterdam	AEX	+1.25	2,812.50 / 2,812.50
Stockholm	SSE	+1.25	2,812.50 / 2,812.50
Oslo	OSEX	+1.25	2,812.50 / 2,812.50
Copenhagen	OMX	+1.25	2,812.50 / 2,812.50
Warsaw	WSE	+1.25	2,812.50 / 2,812.50
Budapest	BSE	+1.25	2,812.50 / 2,812.50
Prague	PSE	+1.25	2,812.50 / 2,812.50
Sofia	SSE	+1.25	2,812.50 / 2,812.50
Brussels	Euro Stoxx	+1.25	2,812.50 / 2,812.50

## Very briefly:

- Britain's manufacturing recovery is quickening, according to its purchasing managers index, which jumped to 55.8 percent in April from 53.9 percent in March.
- Norway now estimates its total hydrocarbon resource base at 75 billion barrels of oil equivalent, about 9 billion barrels more than in the previous estimate, made in 1988.
- Unilever PLC said it invested an initial \$60 million in two Chinese joint ventures, a soap plant in Shanghai and an ice-cream plant in Beijing.
- Wellcome PLC entered an exclusive license agreement with Medivir AB of Sweden for the antiviral compound H2G. Wellcome said the compound had "shown activity" in studies against herpes viruses.
- Du Pont Co. has opened its first retail gasoline site in Hungary, in Kenderes, 140 kilometers (87 miles) southeast of Budapest.
- French new-car registrations in April fell 11.7 percent from a year earlier to 158,300, the carmakers association CCA said. Registrations have fallen 19.8 percent during the first four months of the year, it said.
- French industrialists expect to invest 9 percent less this year than in 1992, when investment dropped by 10 percent, according to a survey by the National Statistics Institute.

# Matra-Bae Talks Could Lead to Major European Venture

**Paris** — European missile-makers are fighting rising research-and-development costs in a period of stagnating defense budgets by trying to design a grand coalition of French, British and German companies.

British Aerospace PLC and Matra-Hachette SA, which last year had missile sales totaling about \$1 billion (\$1.57 billion), said they were in an advanced stage of talks on setting up a joint venture for their missile business.

A Matra spokesman said the alliance could be extended to include Europe's two other leading missile manufacturers, Aerospaciale of France and Deutsche Aerospace SA, known as DASA, which already are working together on certain missile programs.

A four-way alliance would create a group with sales of more than \$2 billion, putting it in the same league as the American giant, Raytheon Co.

"British Aerospace is the partner with whom we plan to found a company," the Matra spokesman said. "That could be opened later to Aerospaciale and DASA."

A British Aerospace official was more cautious, saying simply that cooperation with Aerospaciale and DASA was a possibility. "I don't think anything we're doing would rule that out, but we'd prefer to take one step at a time," he said. The company added that the talks with Matra-Hachette would take "months rather than weeks."

"The logic is that once a world-scale business has been established, in the form of a BAe-Matra link, it would look very attractive to other businesses that are a part of that," the British Aerospace official said.

Analysts welcomed the plan. "The move is exactly what you'd expect," said Sandy Morris, analyst at NatWest Securities Ltd. "Companies need to look at

organizing critical mass to earn some sort of payback on their investments."

British Aerospace and Matra said that their talks were part of a developing trend toward integration and cooperation across the European missile industry.

The move comes just two months after Thomson-CSF of France and Short Brothers PLC of Britain said they were setting up a 50-50 joint venture to develop very short-range surface-to-air defense-missile systems. Short Brothers is a subsidiary of Bombardier Inc. of Canada.

Matra makes the Mistral short-range ground-to-air missile, and BAe has a similar medium-range product, the Rapier, and ship-launched missile systems such as the Sea Wolf.

Both companies have advanced air-launched missile systems, with Matra making the MICA missile for

France's Mirage 2000 and Rafale warplanes and BAe making the Skyflash missile.

BAe employs about 5,000 people in its missile division, and Matra employs 3,200. Officials of both companies said an alliance would bring benefits by pooling research-and-development costs and broadening the product range.

The British Aerospace spokesman said BAe and Matra had tended to sell to different markets around the world for historical reasons, with the French company being strong in some Middle East markets where France has sold Mirage jets and BAe having some recent success in the Pacific Rim.

"The spinoff benefits from doing what we're planning to do is that you provide access to those compartmentalized markets," the spokesman said.

(Bloomberg, Reuters)

# Fazio to Head Bank of Italy

**Rome** — Antonio Fazio was appointed governor of the Bank of Italy on Tuesday, succeeding Carlo Ciampi who resigned from the central bank post last week after he was appointed prime minister.

The Superior Council, the bank's board of directors, announced the appointment that still must be confirmed by the Council of Ministers and President Oscar Luigi Scalfaro.

In making the appointment, the Superior Council broke with the tradition of appointing the governor's chief deputy, Tommaso Padoa-Schioppa, and bypassed the bank's director general, Lamberto Dini.

Giovanni Battista Parodi, the council's chairman, said it opted for Mr. Fazio because he was the most senior of the three and because of his research experience.

# ROTTERDAM: A High-Tech Strategy to Grab Container Market Share

**Rotterdam** — The Dutch port's all-time high of nearly 300 million tons dates back to 1979.

Rotterdam's container traffic grew by 9 percent last year, but the Dutch port is still only the third container port in the world after Singapore and Hong Kong. It is also expensive. According to the Italian research agency Marcoconsult, moving a single container in the Dutch port cost \$125 last year, compared with \$128 in Bremen and \$98 in Antwerp.

Rotterdam's stagnation is linked to the goods it was built to handle. All but destroyed during World War Two, the port rose from the rubble to transport the vast quantities of oil, coal and iron consumed by the steel mills and chemical plants of Germany's industrial heartland, the Ruhr. It surpassed New York as the world's top port in the mid-1960s.

But in the past decade, Germany has shifted away from heavy industry and the nature of transportation has adapted to high-tech

needs. Instead of the mammoth, slow-moving bulk cargoes for which the 6,000-acre (2,424-hectare) port developed, new cost-conscious high-tech factories need smaller loads delivered at exactly the right time. For transporters, it is becoming more cost-effective to ship big loads to one main regional port and split them up into smaller parcels for onward distribution.

Rotterdam's deep waters mean geography is on its side in the scramble for business. It is one of the few northern European ports big enough to handle the latest generation of container ships. And the port is important enough in the Dutch economy for its future to rank as a matter of national interest. Transport and related services generate around 8 percent of the annual gross domestic product of the Netherlands.

"If a shipper doesn't like what we offer, he'll go elsewhere," said Mr. Smit of the Rotterdam port. "The core of the issue is, how do we ensure that the extra business actually comes here, and how do we gain most from it? It's up to us, as

government, to create the right conditions.

The port authority has drawn up a growth program. Called Havenplan 2010, it aims to invest a total of 35 billion guilders in reclaiming a major plot of land from the sea, laying new roads, electrifying rail links and building dozens of kilometers of new quayside. About 30 percent, or 11 billion guilders, of the cost will be borne by central and local government.

Key to its success is the centralization of each type of cargo on one site in the port. Fruit and vegetables in one area, coal in another, containers somewhere else. "It's a waste of time and money for a train or barge to have to call at five different places in the port for the same type of cargo," said Mr. Smit.

With most new cargo set to arrive in boxes, the new container terminals are a vital element of the plan. To become a premier container port Rotterdam needs to secure the custom of the world's major container lines. It hopes exclusive access to the high-tech facilities will seal their loyalty.

On May 17th, the IHT will publish an advertising section on

## Telecommunications

Among the topics to be covered are:

- Technological breakthroughs including the latest in switching and digital equipment
- Multimedia networks that can carry voice, data and video directly to the consumer
- Prospects for satellite and cable systems linking Asia/Pacific countries
- Financing telecom growth in the 1990s
- The effect of the EC's Directive on Competition in the Markets for Telecom Services

This section coincides with Asia Telecom '93 in Singapore. For advertising information, please contact Juanita Caspari in Paris at: (33-1) 46 37 93 76.

**Herald Tribune**

## BANK: Policy Too Strict

(Continued from page 1)

collateralized loans from the Bundesbank to commercial banks, is now 7.25 percent. The rate is essentially the floor for the German money market.


At its last biweekly meeting, the Bundesbank surprised markets by lowering two key interest rates. It dropped the discount rate a quarter percentage point, and the Lombard rate, the ceiling for the German money market, to 8.50 percent from 9.0 percent.

The semiannual report by the institutes predicted the downturn in the West German economy would continue until around mid-year and growth would not resume before the end of the year.

In Eastern Germany, the institutes forecast GDP growth of 5.5 percent this year, but said there were no signs of lasting recovery in the former communist region.

Hans-Jürgen Koebnick, a Bundesbank council member, said in Mainz that he basically agreed with the institutes' call for more rate cuts.

But he said the Bundesbank had to steer between weakening the mark and weakening the economy.



## Discount Bank and Trust Company Geneva

**BALANCE SHEET AS AT 31st DECEMBER 1992**

	CHF		CHF
<b>ASSETS</b>		<b>LIABILITIES</b>	
Cash in hand, Swiss National Bank and Post Office deposits	41,393,073	Due to banks, at sight	40,023,307
Due from banks, at sight	284,615,011	Due to banks, on time of which due within 90 days: 553,186,323	641,269,816
Due from banks, on time of which due within 90 days: 2,640,329,861	3,338,981,955	Customers' demand deposits	338,385,214
Bills and money market paper of which Federal securities: 96,015,263	269,029,343	Customers' time deposits of which due within 90 days: 3,001,378,848	3,654,423,637
Advances in current accounts, unsecured	19,753,136	Deposit accounts	29,605,962
Advances in current accounts, secured of which secured by mortgages: 3,228,867	165,803,236	Other liabilities	152,905,574
Unsecured time loans and advances	28,627,354	Dividend and bonus	18,000,000*
Secured time loans and advances of which secured by mortgages: 12,014,919	271,572,184	Subordinated capital notes	50,000,000
Loans to public authorities	47,000,000	Net worth:	
Securities of which certificates of deposit: 11,025,000	589,778,000	Share capital	80,000,000
Permanent participations	62,037,667	Legal reserve	40,000,000*
Bank premises	31,869,000	Special reserve	235,000,000*
Other real estate holdings	409,000	Profit and loss account carried forward	1,361,037
Other assets	150,205,568	Total Net worth	356,361,037
	<b>5,260,974,547</b>		<b>5,260,974,547</b>

\* After distribution of net profit available of CHF 33,361,037.—

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Austria A.Sch.	6,000	3,300	1,800
Belgium B.Fr.	14,000	7,500	4,200
Denmark D.Kr.	3,400	1,800	1,000
France F.Fr.	2,400	1,300	700
Germany (West) D.M.	700	385	210
Germany (East) D.M.	950	470	260
Great Britain £	210	115	65
Greece Dr.	75,000	41,000	22,000
India Rupee	200	125	68
Italy Lit.	500,000	275,000	150,000
Luxembourg L.Fr.	14,000	7,200	4,200
Netherlands Fl.	770	400	230
Norway N.Kr.	3,800	1,900	1,000
Portugal Esc.	47,000	25,000	14,000
Spain Ptas.	48,000	25,000	14,000
Sweden (Monetary) S.Kr.	3,100	1,700	900
Sweden (Retail) S.Kr.	3,200	1,800	1,000
Switzerland S.Fr.	610	325	185
Rest of Europe, U. Africa, former French Africa, Middle East	600	345	190
Old Spain, Asia, Central and South America	780	430	235
Rest of Africa	900	485	270

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**Herald Tribune**

# A Costly Legacy of Japan's Boom

## Inheritance Tax Means Big Bills for Small Estates

**Reuters**  
 TOKYO — Japan has the closest thing to an even distribution of wealth of any major industrialized nation, largely because its inheritance taxes of as much as 70 percent have prevented the formation of a self-perpetuating moneyed class.

But critics charge that the tax is also hitting hundreds of thousands of ordinary Japanese, who can lose their homes and businesses when their parents die. They want the tax system changed and its burden substantially lowered.

They cite, for example, the case of a fishmonger in Tokyo who had to pay about 220 million yen (\$2 million) in inheritance taxes on his small shop after his father died.

He initially decided to pay in installments over 20 years, but he soon gave that up as payments of more than 16 million yen a year exceeded the shop's annual earnings. He finally had to sell the business, which had been built up by his family over several decades.

Then there was the case of Yaeko Mochizuki, a fragile 63-year-old landlady who moved to Tokyo with her husband 20 years ago, owning little except the clothes on their backs. After two decades of hard work, they have bought their own home and two apartments.

Having just finished paying off their property loans, they now face the problem of inheritance tax. "We cannot die in peace because I don't think my son can afford to pay such massive sums of tax to maintain our property," Mrs. Mochizuki said.

Nohotero Ishihara, a member of the lower

house of parliament from the governing Liberal Democratic Party and a member of a group in parliament promoting tax reform, argues that the tax is missing its target.

The tax was imposed in 1905 to prevent the accumulation of wealth in the hands of a few families and to raise war funds.

While the government has since taken measures to protect individuals who are less well off, a surge in land prices since 1980 and the effects of the so-called bubble economy of the late 1980s have greatly increased the tax liability.

**'We cannot die in peace because I don't think my son can afford to pay such massive sums of tax.'**

Yaeko Mochizuki, a 63-year-old Tokyo landlady

ability of Japanese whose assets are largely in property rather than cash.

"The problem is not only for the rich, but also for the ordinary man on the street," Mr. Ishihara said. "We must overhaul the system to secure a minimum standard of living and peace of mind for people."

He advocates exempting land, property and business premises of 200 square meters or less from the inheritance tax and reducing the maximum tax rate from 70 percent to 40 percent.

He also proposes raising the cash threshold on which people have to pay the tax to about 300 million yen from 76.5 million yen.

Such changes would help people who run small businesses and office workers with property in metropolitan areas where land prices are highest, he said.

Tax experts say the property price used as the basis for setting inheritance tax payments is reviewed only once a year and tends to lag behind changes in market prices.

The tax has been a windfall for the Ministry of Finance, bringing in revenue of about 2.7 trillion yen in the 1992-93 fiscal year. That was more than five times as much as it yielded in 1980, even though Japan's gross national product has only doubled since in the same period.

The National Land Agency said last month that land prices had fallen in 1992, for the second consecutive year after 17 years of increases, and may keep falling. For many, that only makes it more difficult to pay the inheritance tax. The levy is based on old and thus overstated land values, property owners who try to sell to raise money to pay their taxes will be entering a depressed market, and banks are less willing to lend money with real estate as collateral.

What is more, the number of people paying inheritance tax is increasing.

The National Tax Agency said the number of people paying inheritance tax with properties and securities had more than tripled to 3,871 at the end of March 1992 from 1,238 a year earlier.

# U.S.-Japan Dispute Looms on Increase In Funds for ADB

**By Kevin Murphy**  
*International Herald Tribune*

**MANILA** — A simmering disagreement between Tokyo and Washington over the future direction of the Asian Development Bank bubbled to the surface on Tuesday, when the bank asked its donor countries to double its authorized capital.

Japan, which is supported by a high-level government delegation headed by Finance Minister Yoshiro Hayashi, appears to support the steep increase, which would allow the bank's lending program to rise between 10 percent and 15 percent a year.

However, the United States, which sent a low-level diplomatic mission to Manila, has thus far balked at meeting the ADB's demand for its fourth general capital increase.

The United States and Japan are the two largest shareholders of the 53-member ADB, whose president, Kimimasa Tarumizu, asked its members to double capital to \$46.4 billion.

Other donors, who are impatient with the deadlock, privately say that Washington is merely stalling a decision.

"The impact of the general capital increase on the budgets of most shareholders will be small, compared with the overall size of the capital increase," said Mr. Tarumizu at the opening of the ADB's 26th annual general meeting.

He said an early consensus on the increase "is critical so that member countries may complete procedures required for subscribing to the capital increase."

The funding impasse dominated informal discussions on the first day of the three-day meeting; many ob-

servers are looking to the new U.S. administration's position on the ADB capital increase for an indication of Washington's stance on developmental lending elsewhere.

"We get the message from talking to them that the U.S. hasn't made up its mind on where lending in Asia sits in a post-Cold War context," said one Western delegate, who echoed a general receptiveness by donors to a capital increase.

"There's not much any of us can do until the U.S. and Japan sort this out between them. And the way it's going, we may not see it resolved before this meeting wraps up on Thursday," said the western official, who requested anonymity.

Apart from increased involvement in programs that would increase its commitment to poverty reduction and grass-roots development, the ADB envisages greater borrowing demands in the future from its two largest members, China and India.

The current lending burden is likely to increase if other countries seeking to join the ADB, including central Asia's six former Soviet republics, Azerbaijan, Tajikistan, Kazakhstan, Turkmenistan, Uzbekistan and Kyrgyzstan, are successful.

Official reports by each of the delegations to be delivered on Wednesday promise to clarify a policy division that appears to separate the United States from most other ADB donor nations.

"Much of the credit for a general improvement in the ADB's overall performance in recent years must rest with the Americans," said a Western diplomat. "We'd be awfully surprised if they turned their back on this organization now, but no one knows exactly what to think will happen."

Country	Index	1992	1993	% Change
Hong Kong	Hong Kong	1,776.84	1,790.90	-0.80
Singapore	Straits Times	1,564.38	1,564.60	-0.01
Tokyo	Nikkei 225	20,919.48		
Philippines	Composite	706.08	717.37	-1.57
Indonesia	Setor	228.19	248.29	-2.08
South Korea	Composite	718.88	718.69	40.17
Taiwan	Singapore	4,448.18	4,473.89	-0.57
Malaysia	Composite	1,636.82	1,615.48	-11.80
Thailand	SET	313.91	318.69	-48.07
China	Shanghai	1,594.12	1,594.35	-1.80
India	Sensex	382.30	348.27	-11.80

### Very briefly:

- South Korean automakers, noting that a strong yen had helped exports rebound sharply, predicting this year's exports could reach 378,000 vehicles if the yen maintained its current strength.
- Australia's current-account deficit jumped sharply in March due mainly to an import increase, dampening speculation of another cut in official interest rates, economists said.
- Taiwan's trade surplus fell by 53 percent from a year earlier to \$1.79 billion in the first four months of this year, the Finance Ministry said.
- Unilever PLC said it had set up two joint ventures in China for a total initial investment of \$60 million, which is likely to be more than doubled in the near future.
- Hyundai Motor Co. of South Korea said production at all of its plants was suspended because of a labor dispute at one of its subcontractors, Apollo Industrial Ltd.
- China's Finance Ministry said it was extending indefinitely the period for issuing state Treasury bonds because less than 15 percent of the planned 30 billion yuan (\$5.28 billion) had been sold.

# Beijing Introduces New Securities Rules

**Bloomberg Business News**  
 BEIJING — China published Tuesday its first national securities regulations since the Communist takeover in 1949, in a move aimed

at bringing order to often chaotic securities markets in Shanghai and Shenzhen.

The Provisional Regulations on Share Issues and Trading were en-

dorsed by China's cabinet Monday.

Although the landmark legislation only governs shares sold to Chinese investors, called A shares, it could improve the respectability of the B-share market foreigners are allowed to invest in. The market's slipshod approach to investor protection has driven away foreign investors recently.

"This is a good sign which will increase investor confidence," said Alice Lau, an analyst at Standard Chartered Securities. "What we have to watch for next is how effective enforcement of these laws really is."

The regulations state that the State Council Securities Committee is China's chief market regulator while the Securities Regulatory Commission, overseen by the committee, will act as market watchdog.

The state-level regulations override local rules, arming the two bodies with real power for the first time since they took over securities

regulation from the central bank in April.

The new regulations say that in case demand for a new issue over- takes supply, underwriters should allot shares through fair means such as by ballot.

Last August, frustrated investors lining up for application forms to buy shares at Shenzhen's stock market rioted due to widespread hoarding and under-the-counter trading of application forms by local financial organizations.

The regulations also contain articles meant to protect China's inexperienced investors by requiring companies applying for a listing to have been profitable for the three previous years and to conform to strict criteria on assets.

The regulations also stipulate that listed companies must report any price-sensitive events to regulatory authorities, who will then decide whether those events should be disclosed to the public.

# China Joins Jakarta Project

**Reuters**  
 JAKARTA — China Petrochemical Corp. said Monday it would join three local companies in building an oil refinery and a fertilizer plant in Indonesia, in what could be the biggest investment by China since the two Asian giants restored relations nearly three years ago.

Sheng Huaran, president of the state-run Chinese company known as Sinopec, said it would team up with a trio of Indonesian businessmen led by President Suharto's son, Bambang Trihatmodjo.

Details were not disclosed, but Prayogo Pangestu, who heads Barito Group, one of the local partners, said it would cost more than \$2 billion to build a refinery with a capacity of 150,000 barrels of oil a day.

Indonesia, the only Asian member of the Organization of Petroleum Exporting Countries, has seven active refineries and one under construction, with a total projected capacity of 860,000 barrels of oil a day.

With local demand growing and production leveling off, Indonesia expects to become a net importer of oil early in the next century. The new refinery project is intended to help hold down the level of its imports.

# Low Rates Lure Investors Into Manila Market

**Reuters**

**MANILA** — Low interest rates in the Philippines have drawn local money into the stock exchange and foreign funds have followed, pushing the market to record levels.

Manila stock prices have shot up by nearly one-fifth in the past three months, with the Manila Stock Exchange's composite index reaching a record close of 1,636.52 on Tuesday. About half an hour earlier it touched a record trading high of 1,645.76.

"This is only the beginning," said Patrick Garcia, an analyst at L.M. Garcia & Asso-

ciates. He expects the index to penetrate the 1,800 point level by June.

"Foreign interest is heavy," said Louie Bate of Baring Securities Inc. "They really are betting on the country's future. Lower interest rates are also moving funds into the market."

The combination of low interest rates, now around 9 percent, the steady fall of the peso against the dollar, and unexpectedly strong corporate results have given the market a boost.

Low interest rates have prompted investors to put money into the stock market where,


especially with the rally driving up earnings, returns are likely to exceed those on bank deposits.

"With interest rates being so low, a lot of investors would rather put their money elsewhere. The market is very, very liquid. There's a lot of money floating around," Mr. Garcia said.

Foreign investors appear to have decided that rebels from both the left and right are no real threat to political stability. They are now buying in the belief that the economy is about to take off, brokers said.

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Credit Suisse		The Saudi National Commercial Bank
NatWest Capital Markets Limited		WestLB Group
Société Générale		

Senior Lead Manager

National Bank of Bahrain B.S.C.

Co-Lead Managers

Arab Bank plc	Arab Banking Corporation (B.S.C.)	Bank of Bahrain & Kuwait
Bank of Scotland	Berliner Bank AG	Lloyds Bank Plc
		The Saudi British Bank

Managers

Bahrain Middle East Bank (E.C.)	Bayerische Landesbank Girozentrale	Burgan Bank
GiroCredit Bank Aktiengesellschaft der Sparkassen	VIA Banque	Z-Laenderbank Bank Austria Aktiengesellschaft

Co-Managers

Al-Ahli Commercial Bank BSC	The Arab Investment Company S.A.A.	Banque Indosuez
Emirates Bank International Limited	Kredietbank S.A.	UBAF Arab American Bank

Providers of Funds

Al Bank Al Saudi Al Fransi	The Bank of Tokyo, Ltd.	Bankers Trust Company	Chemical Bank	Credit Suisse
DB U.K. Finance p.l.c.	National Westminster Bank Plc	The Saudi National Commercial Bank		
Société Générale	WestLB Group	National Bank of Bahrain B.S.C.	Arab Bank plc	Bank of Bahrain & Kuwait
Bank of Scotland	Berliner Bank AG	Lloyds Bank Plc	The Saudi British Bank	Bahrain Middle East Bank (E.C.)
Bayerische Landesbank Girozentrale	Burgan Bank	GiroCredit Bank Aktiengesellschaft der Sparkassen	VIA Banque	Z-Laenderbank Bank Austria Aktiengesellschaft
Al-Ahli Commercial Bank BSC	The Arab Investment Company S.A.A.	Offshore Banking Unit	Arab Banking Corporation (B.S.C.)	Banque Indosuez
Emirates Bank International Limited	Kredietbank S.A.	UBAF Arab American Bank	Banque Nationale de Paris	Bahrain
Banco Atlantico S.A.	The Commercial Bank of Qatar Ltd. (QSC)	EFIBANCA - Entre Financiaro Interbancario SpA	Rome	
The Industrial Bank of Kuwait K.S.C.	Nomura Bank Nederland N.V.	Republic National Bank of New York		
	Arab International Bank	Cairo		

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Agent Bank

National Westminster Bank Plc

April 1993



NYSE Today's Closing Tables include the nationwide prices up to the close on May 4, 1993. Not all trades elsewhere. See The Associated Press.

12 Month High Low Stock Div Yld PE Ratio High Low Last Chg

12 Month High Low Stock Div Yld PE Ratio High Low Last Chg

NYSE High-Lows NEW HIGHS 82 NEW HIGHS 38 NEW HIGHS 33 NEW HIGHS 14

INTERNATIONAL FUNDS May 4, 1993

Table of International Funds with columns for Fund Name, Class, Shares, Price, and Change. Includes various global, international, and regional funds.

For information on how to list your fund, fax Simon OSBORN at (33-1) 46 37 21 33. We attention here it comes at food is a tomfoolery to eat, in



SPORTS BASKETBALL

Heart Problem May End Celtic Star's Career

BOSTON — Reggie Lewis, the star of the Boston Celtics, has been diagnosed as having potentially life-threatening heart problems...

Doctor Describes Lewis's Illness as 'Life-Threatening'

"This is serious. You can die from this," said Lewis' physician, Arnold Scheller, said it was a "strong probability" that Lewis will have to give up basketball...

Hospital, where his heart problems had been diagnosed, late Sunday. "For whatever reason, he chose to seek a second opinion," hospital spokesman Jim Rattray said.

Scheller had been in charge of Lewis's care. Rattray said a group of 12 specialists from various medical disciplines attended a meeting Sunday with Scheller, Ness, Gavitt and the Celtics' general manager, Jan Volk.

"The diagnosis arrived at by the group is the 'consensus of the city,'" Rattray said. "We're very lucky in Boston that we have such wonderful health care."



Lewis on the bench after collapsing during the game last week.

SIDELINES

Hunter: 21-Game Ban

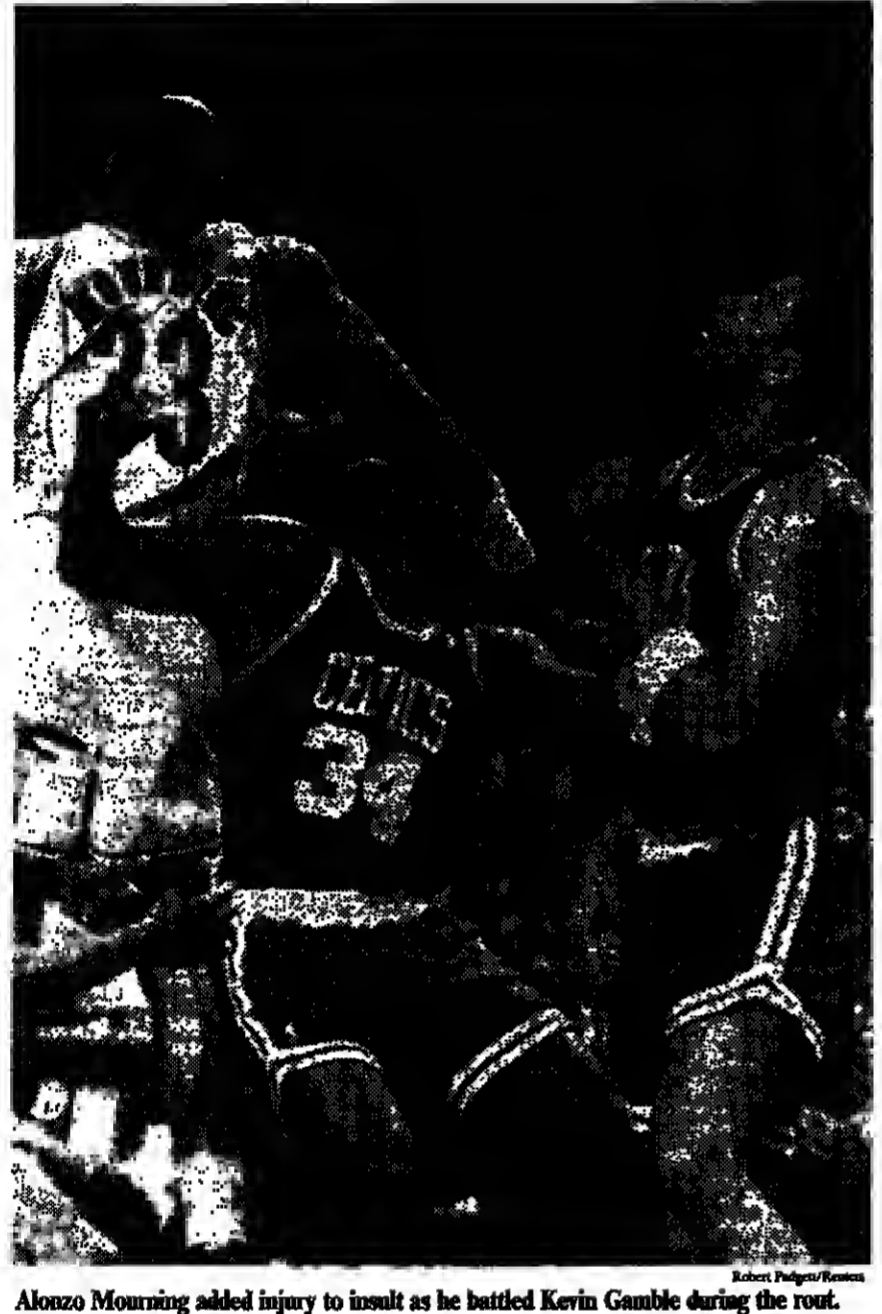
NEW YORK (AP) — Washington's Dale Hunter was suspended Tuesday for the first 21 games next season — the longest suspension for an on-ice infraction in NHL history.

Seles: Conference Set

DENVER (AP) — Monica Seles, stabbed in the back by a spectator during a tennis tournament in Hamburg, received a preliminary evaluation of the wound by therapists in Vail, Colorado, the Vail Daily reported.

For the Record

Nelson Pailou, 71, one of the most influential figures in French sports, stepped down after 11 years as head of the French Olympic Committee when Henri Serandou, 56, president of the national swimming federation, was elected to the post.



Alonzo Mourning added injury to insult as he battled Kevin Gamble during the rout.

Hornets Take 2-1 Lead on Celtics

The Associated Press

The Charlotte Hornets joined the National Basketball Association just five years ago. As might be expected, their first playoff game at home had a historical bent.

NBA PLAYOFFS

eight points in the first seven minutes of the game. Danny Manning led Los Angeles with 23 points and Mark Jackson added 21.

in further good news for the Rockets, Vernon Maxwell, who has missed seven games since fracturing his left wrist, was cleared by team doctors to return for Game 4 of the series.

Maxwell, who injured his non-shooting wrist April 17 in Seattle, averaged 13.8 points this season, second to Oluajuwon's 26.1. Maxwell led the team with 120 3-point field goals and was second with 4.2 assists per game.

It's a Bullish Game, Again

By Michael Wilbon

WASHINGTON — Stop the NBA playoffs, I'm dizzy already. Six of eight teams had lost the homecourt advantage before the end of the first week of the first round.

SCOREBOARD

BASEBALL

Major League Standings

Table showing Major League Standings for American League and National League, including teams like Detroit, New York, Toronto, and Philadelphia.

Monday's Line Scores

Table showing Monday's Line Scores for American League and National League games.

Japanese Leagues

Table showing Japanese Leagues standings for Central League and Pacific League.

FOOTBALL

National Football League

Table showing National Football League standings for AFC and NFC.

Stanley Cup Playoffs

Table showing Stanley Cup Playoffs Division Finals.

HOCKEY

Tour of Spain

Table showing Tour of Spain results for the 23rd stage.

TRANSACTIONS

Table showing baseball transactions including trades and signings.

SOCCER

Table showing soccer world cup qualifiers and league results.

BASKETBALL

NBA Playoffs

Table showing NBA Playoffs First Round results.

ESCORTS & GUIDES

Table listing various escort and guide services.

INTERNATIONAL CLASSIFIED

Table listing international classified advertisements.

ESCORTS & GUIDES

Table listing various escort and guide services.

BELE EPOCH

Table listing Bele Epoch services.

MERCEDES

Table listing Mercedes services.

ESCORTS & GUIDES

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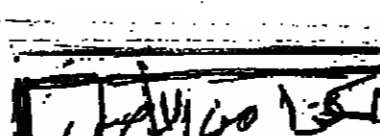
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ESCORTS & GUIDES

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OBSERVER

Outrage Fatigue

By Russell Baker
NEW YORK — Mrs. B. H. of Purcellville, Virginia, wants to know why I haven't expressed outrage about the Waco matter. It is hard to guess from her letter in what direction she would like to see my outrage aimed.

ineffectually for years. The ease, for instance, with which Korshak was able to acquire an arsenal.
What's the use of raging against insane gun laws? People have been raging against them for years, and people devoted to the idea that it is a constitutional right to buy guns in warehouse lots just keep raging right back, and nothing changes.

Indian Author's Rendezvous With Fame

By Eugene Robinson

LONDON — "By the end of this," Vikram Seth was saying, as best he could say anything with his book-tour-ravaged voice, a mere wisp of his former self, "by the time this is over, I'll be a most unsuitable boy."



Vikram Seth, the Indian author, says of the acclaim given his first novel: 'Enough is enough.'

Seth left India to study at Oxford, and then in 1975 went to Stanford, where he studied for a Ph.D. in economics, which he never received. "I spent 11 years not getting the degree," he says. "Two of those years (1980-1982) were spent in China, studying poetry and languages. He has a passion for classical Chinese poetry and has published translations."

ings in Bombay last month, the simmering conflict between Hindus and Muslims that refuses to die.
"I never imagined things would flare up to this extent," Seth said. "It's sad and distressing. India has weathered a lot of final crises, but this one is very, very serious indeed. It requires us to speak out and say that this is not the kind of country we want India to be."

PEOPLE

The Royal Whodunit: Cat Murders in a Palace

Never mind Charles, Diana and Fergie. The big royal story in the tabloids is who killed two cats at Kensington Palace. Princess Michael of Kent is distraught over the deaths of a Siamese and a Burmese, despite high security, the killer was presumed to have slipped through the fence, past an alarm system and a bevy of armed guards. A marauding squirrel is the key suspect in the first death; a fox has been offered as the slightly more plausible culprit in the second case. Two other cats have been moved to the princess's country home for safety.

French food is not all rilletes, that pork cooked in seasoned fat that you smear on bread, and the annual James Beard Awards in New York, the Oscars of French Cooking in the United States, are meant to prove it. Debra Puzek of Montrachet in New York City, who last year was named rising star chef of the year, presented the sword of the year, the winner: her husband, Bobby Flay, chef at Mesa Grill in New York. And for chef of the year, a tie: Lenny Vergone of An American Place in New York and Jean-Louis Palladin of Jean-Louis at the Watergate, Washington.

INTERNATIONAL CLASSIFIED

WEATHER

Weather forecast for Thursday through Saturday. Includes maps for Europe, North America, Asia, and Latin America, along with temperature and precipitation data for various cities.

CROSSWORD

Crossword puzzle grid with clues for Across and Down. Includes a solution to the puzzle for May 4.

BOOKS

LOITERING WITH INTENT
By Peter O'Toole. 198 pages. \$21.95. Hyperion Books.
Reviewed by Charles Champlin

a further groan. "It's all got to get organized." But even in 1962, a visitor could suspect it never would get organized; it was too much fun the way it was.

shake and thence to the pictures, where "music bombarded mightily out, a huge cockered ecstatically crowded, a grand camera spun whirlingly about, time marched to drums and trumpets." Alas for the world, and for the book, Mussolini and Hitler are in the newscasts — jeering boos for Benito, a more fearful kind of hissing for Adolf.

writer might reject as improbable, he is auditioning for a place at the Royal Academy of Dramatic Art. But the career, the years in provincial rep when, as O'Toole remembers later, he should have been knighted for service to crepe hair, for playing so many old men — all that will come in successor volumes.

might have had to say about himself. It is the more tantalizing because O'Toole as raconteur is grand company, celebrating his (our) suspects' long-suffering mother, capturing the brutalities of rugby and the horrors of his service in the Royal Navy, and remembering the dreams and fantasies of childhood.

BEST SELLERS

Table of best-selling books. Columns include Fiction, Nonfiction, and Best Sellers. Lists titles like 'The Bridges of Madison County' and 'Where There's Smoke'.



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